

BCP

# BCP PROPERTY VALUE ADD FUND



Invest with confidence

## QUARTERLY FACTSHEET

*This fund is a regulated open-ended Unit Trust with full discretionary mandate. It is authorised by the Central Bank of Ireland as a Qualifying Investor Alternative Investment Fund (QIAIF) and utilises equity and debt to fund real estate investments. It currently does not pay a dividend.*

*This is Marketing Material*

**30th September 2023**

## Market Overview

It was widely anticipated that the interest rate increases implemented by the European Central Bank would curtail inflation in 2023. Published data from Eurostat indicates that headline CPI inflation in the Eurozone has fallen significantly from 9.9% in September 2022, to 4.3% in September 2023, ahead of analysts' expectations. The ECB has forecast inflation of 3.2% in 2024 and 2.1% in 2025.

The Irish economy and labour market has continued to perform relatively well in 2023, considering continued interest rate hikes and the more unstable economic backdrop in Europe. Domestic employment and consumption levels remain strong, however, activity in the multi-national dominated export sectors has started to contract.

Real estate investment volumes in Ireland slowed further in the second quarter of 2023, with only €0.33bn over 26 transactions, compared to €0.92 bn over 27 transactions in Q1 2023. Investment volumes in the office sector were again relatively modest in Q2 2023.

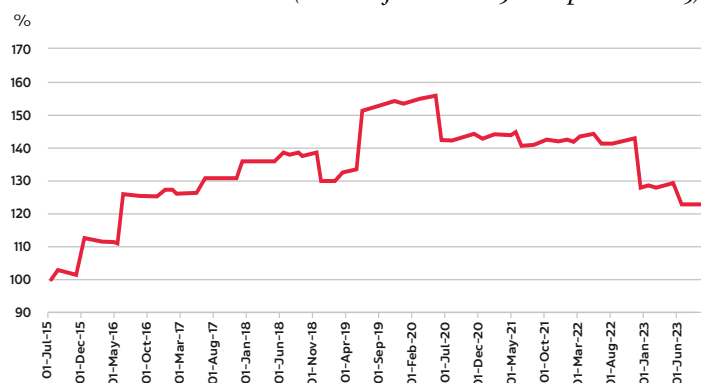
Outward pressure on property yields continued in Q2 2023, with prime office yields currently standing at 4.5% according to Savills.

## Market Overview continued

### FUND SNAPSHOT AS AT 30TH SEPTEMBER 2023:

Gross Asset Value	€47.59 million
Gearing (direct & indirect)	68.58%
No. of projects	5
No. of leases	39
Rental yield	5.29%
Commencement date	June 2015

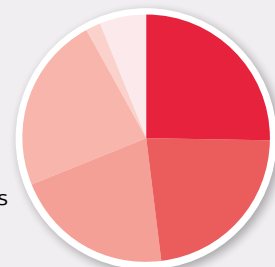
### Fund Performance (Fund Performance to 30th September 2023)



### Fund exposure -

#### Projects

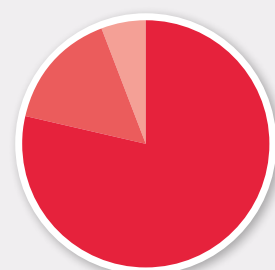
25.3%	Fumbally
22.8%	Grafton Place
20.9%	St Andrews House
23.2%	Eastpoint
1.7%	Morrison Chambers
6.1%	Cash/Other



### Fund exposure -

#### Sectors

77.6%	Office
15.5%	Retail
5.5%	Residential



## Comparative Performance

	From launch of PVAF (June 2015)*	YTD	2022	2021	2020	2019	2018	2017	2016	H2 2015
<b>BCP PVAF (C class units)</b>	<b>22.59%</b>	<b>-4.09%</b>	<b>-9.84%</b>	<b>-0.93%</b>	<b>-6.80%</b>	<b>18.79%</b>	<b>-5.03%</b>	<b>7.44%</b>	<b>12.98%</b>	<b>12.12%</b>
Aviva Commercial Property Fund	33.20%	-1.20%	-0.64%	5.40%	-12.04%	7.89%	5.93%	5.51%	11.18%	9.18%
Aviva Irish Property Fund Series B	19.08%	-1.41%	0.48%	1.70%	-18.07%	3.97%	4.22%	10.04%	7.69%	8.90%
Irish Life Property Portfolio F	14.20%	-6.40%	-4.13%	10.75%	-9.41%	0.56%	3.98%	6.48%	7.67%	7.67%
New Ireland Property S6	10.48%	-3.83%	-4.23%	0.71%	-11.43%	4.45%	5.58%	8.23%	8.56%	8.56%

\* to 29th September 2023

Source: Financial Express. The above figures are shown gross of tax and after the annual management charge applicable for each fund series (which range from 0% to 1.75%). In respect of the BCP PVAF the performance of other share classes are available on request and will be higher or lower depending on the charges applicable.

## Since inception in June 2015 the PVAF C Class units are up 22.59% (CAR 2.50%)

All PVAF performance figures relate to Share Class C. They are net of costs and fund management fee but before tax.

**Warning : Past performance is not a reliable guide to future performance.**

# BCP

## Portfolio Summary

At a portfolio level, vacancies continue in Fumbally which dragged on rent collection and added void costs. Talks with a serviced office provider have continued, where the aim is for the new Heads of Terms to be agreed upon in Q4 2023.

Google has signed its lease extension in Eastpoint Business Park.

At St Andrews House, we have signed a lease with a fashion retailer to take 32 and 34 Exchequer Street and we are close to signing a lease with a restaurant operator for 5 South William Street. Following these two lettings, all the ground floor retail at St. Andrews House will be fully let. A leasing campaign has begun for the vacant offices on the upper floors of the building.

PVAF collected 98% of the rent due for Q3 2023. The vacancy rate across the portfolio stood at 31% at the end of September. The current vacancy is driven principally by Fumbally Square and the vacancy in St Andrews House to accommodate the future redevelopment.

At 60 Dawson Street, practical completion occurred at the end of July. The remaining retail units and 1st Floor offices are being actively marketed.

The fund currently remains closed for redemptions.

## BCP PROPERTY VALUE ADD FUND QUARTERLY FACTSHEET

### Project Updates



Fund exposure	25.3%
Floor area	83,800 sq ft
Occupancy	58%
No. of leases	23
Rental yield	4.58%
Offices	95.4%
Retail	0.0%
Residential	4.6%

### Fumbally, Dublin 8:

Discussions with a serviced office provider have continued, and good progress has been made with both sides aiming to agree on terms in Q4 2023. Viewings are being hosted with other parties for the vacant space in Fumbally Square.

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## QUARTERLY FACTSHEET

### Project Updates *(continued)*



**60 Dawson Street, Dublin 2:** Practical completion of 60 Dawson Street in July 2023.

Leases have been signed across Level 2 through Level 6 with Service Now and Pinterest totalling c.118k sq ft of office space. Pinterest and Service Now are currently fitting out their demise. Negotiations regarding the first floor of office space are ongoing.

Sandbox, a virtual reality entertainment business, have executed a lease for 11,033 sq ft on ground (*entrance only*) and basement (*majority of space*).

Confidential Retailer: Terms have been agreed with a new entrant retailer for a flagship corner unit of 5,000 sq ft at ground and 5,000 sq ft at basement.

Confidential Leisure Operator: In Heads of Term's negotiations with another new entrant leisure operator to take 10,000 sq ft on ground (*entrance only*) and basement (*majority of space*).

Fund exposure	22.8%
Floor area	190,000 sq ft
Occupancy	62%
No. of leases	2
Rental yield	n/a%
Offices	76.0%
Retail	24.0%
Residential	0.0%



**Block R, Eastpoint Business Park, Dublin 3:** Google has signed an agreement to extend their lease by another 10 years (break every 2 years)

Fund exposure	23.2%
Floor area	39,524 sq ft
Occupancy	100%
No. of leases	1
Rental yield	8.16%
Offices	100.0%
Retail	0.0%
Residential	0.0%



*(File Photo)*

**St. Andrews House, Dublin 2:** Leases are now complete for no. 4 South William Street and 32/24 Exchequer Street. We expect to complete a lease with a restaurant operator for no. 5 South William Street in the coming weeks. Once this lease is complete, the ground floor retail will be fully occupied.

The vacant offices are being actively marketed and viewings are being held with potential tenants.

Fund exposure	20.9%
Floor area	15,762 sq ft
Occupancy	44%
No. of leases	9
Rental yield	6.13%
Offices	44.0%
Retail	37.0%
Residential	19.0%



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## Project Updates *(continued)*



Fund exposure	1.7%
Floor area	11,469 sq ft
Occupancy	100%
No. of leases	5
Rental yield	4.91%
Offices	0.0%
Retail	100.0%
Residential	0.0%

**Morrison Chambers, Dublin 2:** The retail units at Morrison Chambers are fully occupied and continue to perform well.

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## QUARTERLY FACTSHEET

### POTENTIAL RISKS AND NOTICES TO INVESTORS

The principal areas of risk for investors are as follows:

- Rents may not increase after rent reviews
- The tenants default and the properties remain vacant
- Properties that are refurbished/ redeveloped may remain vacant after completion of works
- Associated property development risks
- The property market is cyclical and a loss could occur if the assets have to be sold in a downturn
- Asset values and borrowings in the Fund may be subject to exchange rate risk
- Borrowings may in future be subject to a certain level of exposure to fluctuations in interest rate risks. Interest rates have risen sharply but may rise further in the future, which would impact fund returns
- Property is an illiquid asset class and delays could occur in realising the sale of any property assets, which in turn could delay your exit from this investment.
- REITS are listed shares, and any such holdings by the Fund could experience greater volatility than direct property holdings, which could adversely affect the unit price.

### MANAGEMENT OF THE FUND

BCP Asset Management undertakes investment management of the assets held by the Fund. BCP's costs will be met from the annual management fee. As investment managers, BCP Asset Management will have sole discretion on the timing of the sale of the assets in the Fund.

### YOUR INVESTMENT AND ESG

The Sustainable Finance Disclosure Regulations (SFDR) apply to this Fund which is classified as Article 6 'like'. The Fund does not have as its objective sustainable investment, nor does it promote environmental or social characteristics. The investments

underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The impact of sustainability risks on the returns of the Fund have been assessed by the AIFM, the Manager and the Investment Manager, taking due account of the nature and scale of its activities. They have elected for the time being not to consider the principal adverse impacts of investment decisions of the Fund on sustainability factors. The AIFM considers this a pragmatic and economical approach to compliance with its obligations under the SFDR.

### PROFESSIONAL FINANCIAL ADVICE

Before committing to this investment, it is important that investors should consult their professional property, financial and taxation advisors, and have regard to the risks involved, their own financial circumstances and their tax position. Property is a long-term investment and consequently may not be suitable as a short or medium term investment. BCP recommend a minimum 5-7 year investment period but it cannot be guaranteed that the investment will be successful within that period and a longer holding period may be necessary. Please also note that interest rates, current tax and pensions legislation may change during the period of the investment.

Please also see the risks outlined in the Prospectus of the Fund.

The Fund is permitted to borrow and enter leverage arrangements. The Fund will not borrow to purchase a property where the resulting level of total leverage would exceed 60% of the gross assets of the Fund. Whilst borrowing gives the potential for enhanced returns, it also increases the potential impact of the risks outlined above.

**Warning: Past performance is not a reliable guide to future performance. Warning: If you invest in this Fund you will not have any access to your money for at least 2 years. Warning: Where redemption requests exceed the cash in the Fund, or 10% of the NAV of the Fund, the Fund retains the right to freeze redemptions to avoid circumstances such as a forced sale of assets. Warning: The value of the property assets may fall as well as rise and it is possible that you may lose the total amount invested. The risks involved in geared property are greater than property without gearing. Warning: Your investment in this Fund may be affected by changes in currency exchange rates. Warning: Deductions for charges and expenses are not made uniformly throughout the life of the product but are loaded onto the early period. Warning: This is a capital at risk product. Warning: Forecasts are not a reliable indicator of future performance. Warning: Forecasts are not a reliable indicator of future returns.**

**PLEASE CONTACT YOUR FINANCIAL ADVISOR OR  
BCP (01 668 4688 / INVEST@BCP.IE) FOR MORE INFORMATION.**