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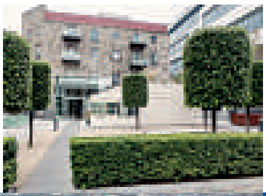

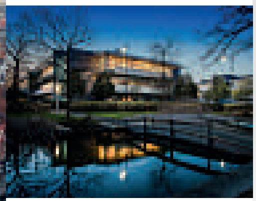

BCP PROPERTY VALUE ADD FUND QUARTERLY UPDATE

UPDATE AND OUTLOOK

The Property Value Add Fund is currently open for subscriptions for new and existing investors. The suspension on redemptions that was initiated in July 2020 remains in place.

Our office assets (50% of the portfolio) continue to portray defensive qualities with rent collection at 98% for Q3 and 93% so far in for Q4 while our retail assets (26% of the portfolio) have unsurprisingly been impacted, with rent collection trending 63% for Q3 and 50% for Q4. This is a reflection of the collapse in footfall in the city centre which is experiencing year-on-year declines of c.40%. Where necessary we have supported our tenants through Covid mostly via rent deferrals to help their respective cashflow, which we will aim to pick up through the first half of 2021. We have also agreed to some discounting of rent for retail tenants most impacted by the pandemic.

Take up in the office market has been muted but deals have signed in the second half of the year, while the short-term outlook for retail is challenging with expectations of increased availability and lower rents across all high streets in Dublin city centre in 2021 and 2022. From a capital markets perspective, the weight of capital looking to invest into Dublin continues to underpin pricing of prime investments with some notable transactions completing in the second half of the year.

Grafton Place:

Practical completion is now envisaged for February 2023 as against August 2022 pre-Covid. We continue to review our leasing and marketing strategy in light of the changing market and expect to launch the office element of the scheme in Q1 2021. We remain positive that we can hit our target rents given the central location, envisaged quality of the scheme and timing to practical completion. Despite the rise in availability of retail units in Dublin city centre, we retain a positive outlook for retail units in the development given the pitch and timeline to delivery.

Fumbally:

We received a full grant of planning permission for the 35.5k square foot ('sq ft') enterprise centre over the car park podium site in Fumbally in September. We are now refining this project and the overall masterplan for Fumbally and expect to submit a further planning application in Q2 2021. Most of the rent in Fumbally (96%) is contracted to office tenants while residential makes up 4% and as a result rent collection has been resilient throughout 2020. We have agreed a number of rent payment plans based on the level to which tenant's underlying business have been impacted by Covid.

Source: BCP

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Block R, Eastpoint Business Park:

Google waived their break in April 2020, while they have the right to another break in April 2022, with a notice date in November 2021, and their lease expires in April 2023. We retain an open dialogue with Google about their long-term occupational needs. This asset has not been impacted by COVID.

St. Andrews House:

51% of the contracted rent is linked to retail, with 21% to life & beauty, 17% to office and 11% to restaurant & café. We have agreed a number of rent payment plans based on the level to which tenant's underlying business have been impacted by Covid. Refurbishment of the apartment units in the St Andrew's House complex are ongoing and are expected to complete in April 2021. Residential rents in the Grafton Street area have held up through the summer and we expect to generate a 5.6% yield on cost from this scheme.

Morrison Chambers:

The most concentrated exposure to retail in the fund with 54% of the rent secured against restaurant & café use and 44% retail. We are discussing rent payment plans with various tenants in the building. Other near term asset management projects include completion of an outstanding rent review and lease renewal.

Market Overview

By and large activity in Dublin's commercial real estate market remains muted. Occupational markets in the office sector has seen some activity with leasing activity returning in Q4 while retail continues to wane. Office rents have softened, and terms have moved in the tenant's favour albeit not at levels estimated at the outset of Covid.

Prime office rents which had plateaued at €65 per square foot ('psf') since 2017, were marked down 4% in Q4 2020 to €62.50psf according to CBRE while prime office yields are flat at 4.0% as we come into year end.

The most noteworthy transaction recently was Amundi's completion of its forward commitment purchase of 28 Fitzwilliam Street, D2 from ESB for €180m (7% over guide). The building is fully leased to Slack who pay €7.7m in annual rent (€57psf). This was a competitive process with a number of bids and reinforces the demand for prime investments in Dublin's commercial real estate market.

Other transactions moving through process include Aviva's disposal of Royal Hibernian Way on Dawson Street where a buyer is rumoured to have offered €75m (9% below guide). This deal is yet to exchange.

On the leasing side, pharmaceutical company Regeneron sub-leased c.13k sq ft in One Warrington Place, D2 for €60psf in Q3 while Pimco, the investment manager, leased 11,300 sq ft for eight years at the Harcourt Building, D2 for €57psf signing in October and Rabobank leased c.24k sq ft at €57 psf in November.

According to BNP, it is likely that two years of availability in the south retail core could come into the market by June 2021. Undoubtedly sentiment in capital markets towards all grades of retail will weaken further in the short to medium term. The Covid pandemic has brought further disruption to the distribution of retail goods and has accelerated the shift to online. It is likely that this disruption will lead to rental declines in the sector. However, business models amongst retailers are evolving and there is a continued demand for space in Dublin city centre from select retailers.

Source: BCP and CBRE

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.

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