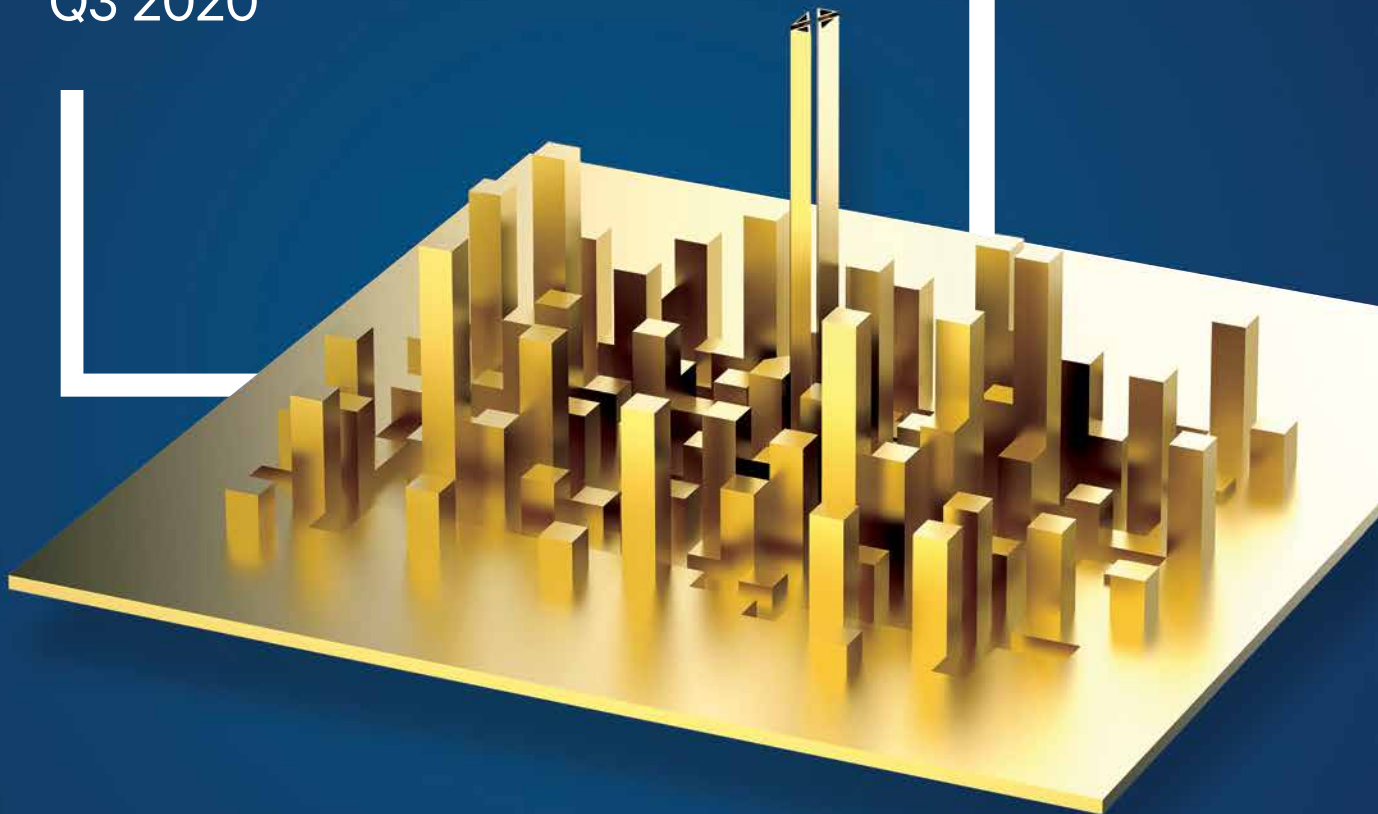


DAVY

Real Estate

# Davy Irish Property Fund

Q3 2020



It's not just business. **It's personal.**

# Davy Irish Property Fund

The Davy Irish Property Fund (“DIPF” of “the Fund”) is an open ended, commercial property fund, focused on delivering consistent returns to investors from a portfolio of office, retail and industrial property assets, located predominantly in Dublin city centre.

Leveraging expertise in Irish commercial property, Fund Manager, Davy Real Estate, (“DRE”) applies a holistic investment strategy, incorporating Investment Management, Development Management and Asset Management, to drive value across the portfolio.

DIPF is authorised as a Qualifying Investor Alternative Investment Fund (“QIAIF”) by the Central Bank of Ireland and is available to Qualifying Investors only, as defined in the Information Memorandum.

The Fund is established as an open-ended fund with limited liquidity. The Manager will endeavour to redeem a redemption request as quickly as possible and it is expected that a redemption request will be fully dealt with within three years. Although it is intended that a certain number of Units will be redeemed on each Redemption Date occurring during this three-year period, there is no guarantee that a minimum number of units will be redeemed on any given Redemption Date during this three-year period. The eventual redemption proceeds may differ from the redemption price at the date of redemption notification.

**For further information visit:**  
[davy.ie/real-estate/dipf](http://davy.ie/real-estate/dipf)

## Davy Real Estate

Established in 1997, Davy Real Estate, a division of Davy, invests in and manages real estate assets in Ireland on behalf of domestic and international investors. Davy Real Estate is one of the largest real estate investors in Ireland. As at 31 December 2019 the team manages €2.25 billion in real estate assets through regulated (€1.8 billion) and unregulated (c. €450 million) structures.

### Investment expertise

Our industry leading specialists bring expertise to property selection and all areas of active asset management. Our in-house research provides us with unrivalled property sector and economic research which we leverage to build portfolios that will deliver a return on investment over the long-term.

### Client focused

We specialise in the acquisition and management of Irish real estate on behalf of institutions and private investors. We are client focused with a direct and active management style. Our boutique investment management service is delivered through regular client and tenant engagement and communication.

For further information, please visit: [davy.ie/real-estate](http://davy.ie/real-estate)

## Davy Group

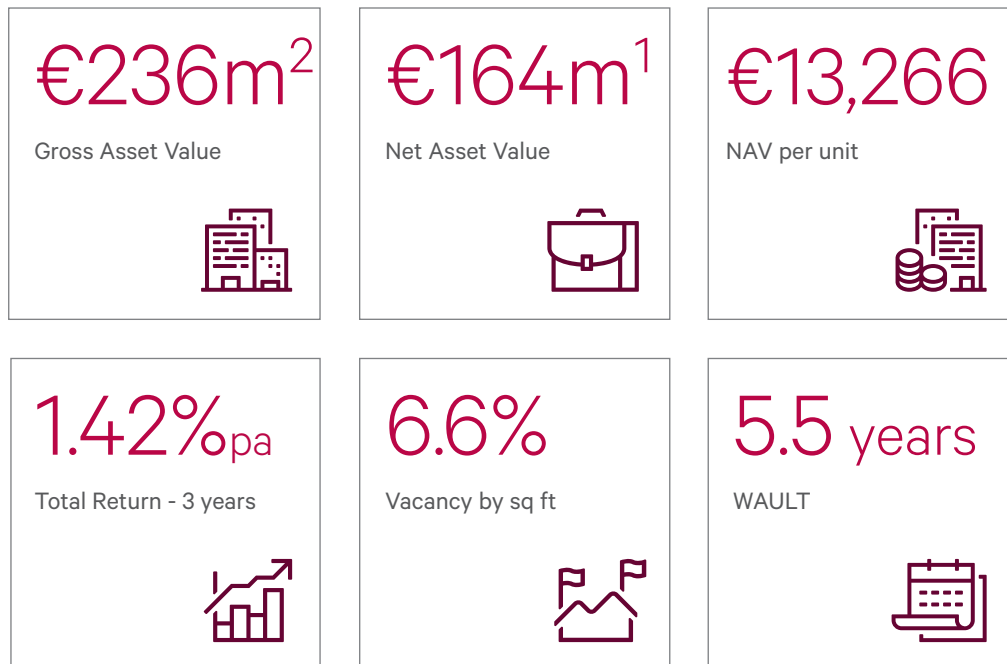
The Davy Group is Ireland’s leading provider of wealth management, asset management, capital markets and financial advisory services. The Davy Group is headquartered in Dublin, with offices in London, Belfast, Cork and Galway.

For further information visit: [davy.ie](http://davy.ie)



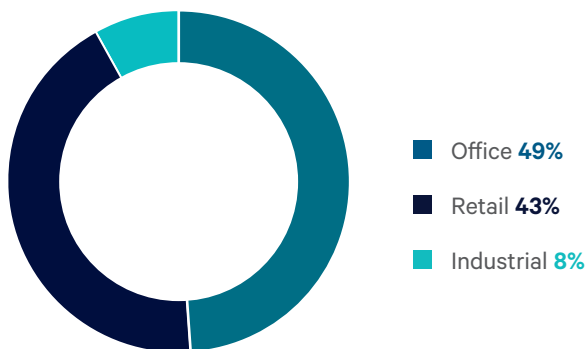
Data correct as at June 2020.

# Fund overview



# Portfolio overview

## Portfolio breakdown



### Office

7 properties

199,221 sq ft

22 tenants

### Retail

16 properties

182,560 sq ft

90 tenants

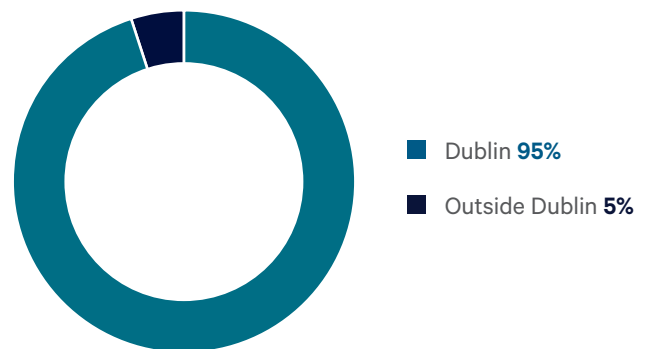
### Industrial

4 properties

186,145 sq ft

11 tenants

## Geographical split



All data correct as at 30 September 2020. Source: J&E Davy unless otherwise stated

All data refers to Unit Class D (Distributing) - Sedol Number 9795233  
p.a. - per annum

<sup>1</sup>Source Net Asset Value NAV - Northern Trust. This figure has been rounded by Davy.

<sup>2</sup>Gross Asset Value - the Net Asset Value of the Fund plus borrowings  
WAULT = weighted average unexpired lease term.

**Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. If you invest in this product, you may lose some or all of the money you invest.**

**Warning: Forecasts are not a reliable guide to future performance.**

# Investment strategy

Aims to provide long-term income and capital growth

Consistent investment strategy delivering performance through:



## Measured Investment

- Targeting and securing selective acquisitions in strategic locations at the opportune time.
- Prudent risk assessment and asset selection.
- Leveraging Davy Real Estate team's property sector and economic research for the benefit of the Fund, to build a portfolio that aims to deliver value over the long-term.



## Targeted Development

- Continuous asset augmentation through regeneration and improvements.
- Targeting capital expenditure to strengthen asset portfolio, tenant appeal and longevity, and enhance rental values and capital returns.
- Aligning portfolio upgrades to best-practice market standards of sustainability and energy efficiency.



## Asset Utilisation

- Building relationships and trust with our 123 tenants to understand their needs in order to meet their expectations.
- Driving strong tenant retention and sustainable, long-term, rental growth.
- Extracting value and maximising the potential of our existing asset portfolio through in-house asset management and sector research expertise.



# Reasons to invest

## Aims to provide long-term income and capital growth



- Exceptional quality asset portfolio focused in Dublin city centre
- Prudent risk assessment, asset selection, and portfolio management
- Portfolio strategy designed to capitalise on current market trends and protect against changes to the economic outlook



- Prioritise high income generating assets and not 'trophy assets'
- Balanced portfolio across key sectors of Dublin's commercial property market
- Investment returns delivered through income generation and expert asset management



- Strong current income yield of 5.67% for 2019
- Low fund and management fee structure



- Investment management team with proven, multi-cycle experience and track record of performance and returns
- In-depth property market research from Davy Real Estate team



**Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. The income you get from this investment may go down as well as up.**

**Warning: Forecasts are not a reliable indicator of future performance.**



# Our properties

## Dublin based

### Office

---

20 on Hatch

---

Newmount House  
22/24 Lower Mount Street

---

St. James House, Adelaide Road

---

8/34 Percy Place

---

2/5 Warrington Place

### Retail

---

25 Henry Street

---

32 Henry Street

---

33 Henry Street

---

3 G.P.O. Building, Henry Street

---

69 O'Connell Street

---

68 O'Connell Street

---

31 Henry Street

---

2 Grafton Street/50 Nassau Street

---

44 Grafton Street

---

18 Wicklow Street

### Industrial

---

4 Westgate Business Park, Tallaght, 24

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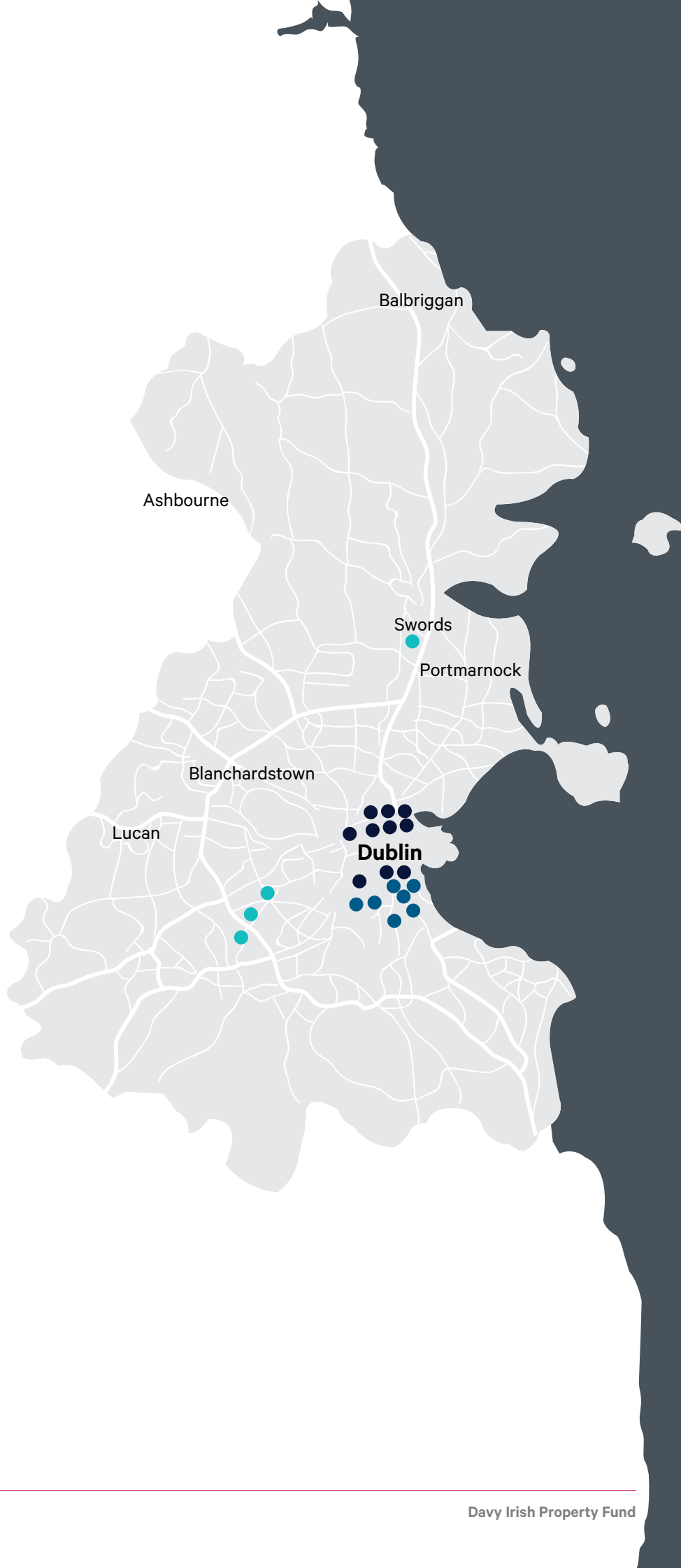
4 Parkway Business Centre, Tallaght, 24

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Broomhill Business Park,  
Unit 1 - 8, Tallaght, Dublin 24

---

Woodies DIY Swords, Swords



All data correct as at 30th September 2020  
Source: J&E Davy unless otherwise stated

# Why Ireland

## Growth with strong fundamentals



### Location

- Direct foreign investment (FDI) to the State in 2017 was €744 billion<sup>3</sup>
- Euro-denominated and Euro market access
- Stable regulatory environment



### Commercial property market

- Growth in rental income<sup>4</sup>
- Strong FDI driving demand<sup>5</sup>
- Brexit opportunity<sup>5</sup>

# Why Dublin



### Prime assets, prime locations, prime tenants Economy

- Greater Dublin Area accounts for over 53% of Ireland's GDP according to the most recent available data (2014)<sup>6</sup>



### Population

- 1.9 million population of greater Dublin area
- Dublin is home to more non-Irish people than any other part of the country, with 21% of residents born outside of Ireland<sup>5</sup>



### Commercial property demand

- Annual rent for prime retail floorspace in Dublin in mid 2018 was €6,000 /sq m<sup>7</sup>
- Grade A floorspace rent of €638 / sq m<sup>8</sup>

# CBD properties

## Prime office and retail locations

### Office

- 1 20 on Hatch
- 2 Newmount House, 22/24 Lower Mount Street
- 4 St. James House, Adelaide Road
- 5 8/34 Percy Place
- 6 2/5 Warrington Place

### Retail

- 7 25 Henry Street
- 8 32 Henry Street
- 9 33 Henry Street
- 10 3 G.P.O. Building, Henry Street
- 11 69 O'Connell Street
- 12 68 O'Connell Street
- 13 31 Henry Street
- 14 2 Grafton Street/50 Nassau Street
- 15 44 Grafton Street
- 16 18 Wicklow Street







# Fund financials

DIPF performance is measured by the movement in Net Asset Value (“NAV”) of the Fund’s portfolio of assets and the property income distributions to Unitholders.

Property income returns have historically been less volatile than property valuations. As the basis of our investment thesis, the Fund is committed to a progressive dividend policy, aiming to deliver consistent market leading returns, through a portfolio of strong income generating assets.

The Fund undertakes a full valuation of its property portfolio on a quarterly basis and Units are priced and dealt on a monthly basis.

Image shows architectural detail from 20 On Hatch, Dublin 2

## Key facts

5.00%

Income return – 1 year



1.42%<sub>pa</sub>

Total return – 3 year

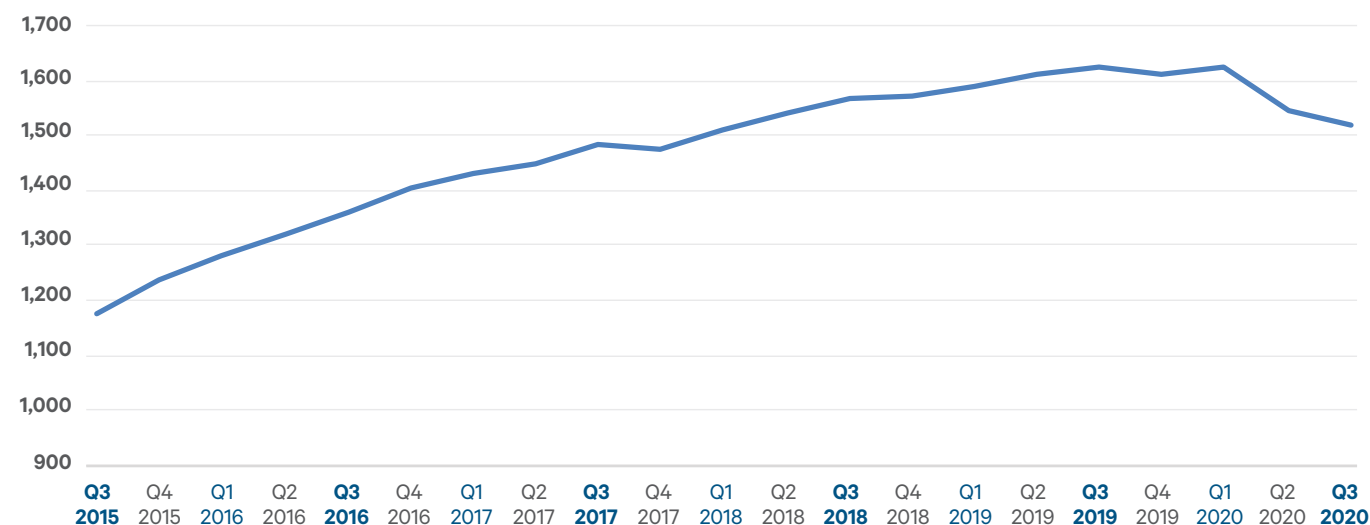


## Fund performance

	Capital Return	Income Return	Total Return
QTR on qtr	-3.30%	1.38%	-1.92%
YTD	-10.26%	3.60%	-6.66%
1 yr p.a.	-12.56%	5.00%	-7.55%
3 yr p.a.	-3.72%	5.14%	1.42%
5 yr p.a.	3.84%	5.71%	9.55%
10 yr p.a.	6.74%	4.49%	11.23%

3 yr p.a. and 5 yr p.a. = average return per annum over period. Performance is shown net of fees

## Total return



## Fund performance 2015-2019

	2015	2016	2017	2018	2019
Capital return	20.7%	8.7%	0.8%	2.3%	-2.95%
Income return	3.6%	4.7%	4.5%	4.8%	5.67%
Total return	24.3%	13.4%	5.4%	7.1%	2.72%

All data correct as at 30 September 2020. Source: Northern Trust and J&E Davy

These figures are net of fees and represent calendar year performance. All data refers to Unit Class D (Distributing) - Sedol Number 9795233.

Capital Return represents Net Asset Value (NAV) excluding dividends. Income Return represents dividends distributed.

**Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. The income you get from this investment may go down as well as up.**



# Portfolio performance

DIPF's focus on prudent risk management, astute investment management and value-driven asset management continues to deliver returns to unitholders over the long-term.

Performance of the Fund's assets is benchmarked to the universe of Investment Property Databank (IPD) at a gross asset level, excluding cash holdings. (i.e. before the deduction of fees and charges). The net impact of fees and other charges is approximately 0.75%.

In 2016 and 2018 the DIPF won the MSCI European Property Investment Award for best performing fund in the Irish market, achieving the highest balanced total return, relative to the real estate All Property benchmark annualised over a three-year period.

Image shows architectural detail from 2 Grafton Street/50 Nassau Street



# Office holdings

DIPF office holdings are focused in Dublin's CBD (Central Business District), in the heart of Europe's fastest growing economy. Buoyed by strong economic fundamentals; domestic fiscal stability, youthful workforce demographics, sustained Foreign Direct Investment demand for prime office space in Dublin continues to increase.



## 20 on Hatch

**Location** Hatch Street Lower, Dublin 2  
**Size** 44,000 sq ft  
**Ownership** 100%  
**Tenant** Met Life, Medtronic  
**WAULT** 5.72 Years



## St. James House

**Location** Mount Street, Dublin 2  
**Size** 18,500 sq ft  
**Ownership** 50%  
**Tenant** Multi-tenanted: Mercer, Biomarin, Lavelle Colman  
**WAULT** 4.68 Years



## Warrington Place

**Location** Dublin 2  
**Size** 11,500 sq ft  
**Ownership** 100%  
**Tenant** Broadcasting Authority  
**WAULT** 1.19 Years



## Percy Place

**Location** Dublin 4  
**Size** 36,000 sq ft  
**Ownership** 75.91%  
**Tenant** Multi-tenanted  
**WAULT** 8.8 Years

# Retail holdings

DIPF believes in the long term capital and income growth potential of two key sub sectors of the retail property market - Prime Retail and Convenience.

Dublin's retail property market resurgence is largely attributable to a combination of increased consumer spending in Dublin city centre and suburban shopping centres.

DIPF retail holdings have been allocated on this basis, with the Fund holding quality assets on Dublin's prime retail streets and a majority holding in a suburban shopping centre in Dublin 14.

Source - Cashflow Overview of Assets and WAULT



## Nutgrove Shopping Centre

**Location** Nutgrove Avenue, Rathfarnham, Dublin 14  
**Size** 111,000 sq ft  
**Ownership** 67%  
**Tenant** Multi-tenanted  
**WAULT** 4.39 Years

## 2 Grafton Street/50 Nassau Street

**Location** Grafton Street, Dublin 2  
**Size** 2,823 sq ft  
**Ownership** 100%  
**Tenant** Claddagh Jewellers  
**WAULT** 5.19 Years



## 25 Henry Street

**Location** Henry Street, Dublin 1  
**Size** 2,870 sq ft  
**Ownership** 100%  
**Tenant** Clarks  
**WAULT** 0.95 Years

## 31-33 Henry Street

**Location** Henry Street, Dublin 1  
**Size** 7,012 sq ft  
**Ownership** 100%  
**Tenant** Vodafone, Lush, Butlers  
**WAULT** 7.86 Years



## Key facts

16

Properties



182,560

Square Feet



90

Retail Tenants



Source - Cashflow Overview of Assets and WAULT



### Grafton Street

<b>Location</b>	44 Grafton Street, Dublin 2
<b>Size</b>	8,234 sq ft
<b>Ownership</b>	100%
<b>Tenant</b>	Foot Locker
<b>WAULT</b>	4.47 Years



### 68-69 O'Connell Street

<b>Location</b>	O'Connell Street, Dublin 1
<b>Size</b>	3,234 sq ft
<b>Ownership</b>	100%
<b>Tenant</b>	Londis, JWT
<b>WAULT</b>	5.19 Years



### 18 Wicklow Street

<b>Location</b>	Wicklow Street, Dublin 2
<b>Size</b>	3,187 sq ft
<b>Ownership</b>	100%
<b>Tenant</b>	Louis Copeland
<b>WAULT</b>	3.08 Years



### 3 GPO Buildings

<b>Location</b>	Henry Street, Dublin 1
<b>Size</b>	1,749 sq ft
<b>Ownership</b>	100%
<b>Tenant</b>	Swarovski
<b>WAULT</b>	1.67 Years

## Our people

Davy Real Estate team has a wealth of experience across the funds management and real estate sector, with the senior team having created significant value across multiple property structures and over multiple property cycles.

The Fund Managers are supported by a team of finance and property professionals with a breadth and depth of skill and experience required to deliver consistent returns across the portfolio.

### Leadership team

- ✓ Investment management team with proven, multi-cycle experience and track record of performance and returns.
- ✓ Average commercial property experience of 16 years in domestic and international markets.
- ✓ Multi-disciplinary and complementary skills that drive fund performance and maximise value.



**David Goddard**  
Chief Executive, Davy Real Estate

David is a Chartered Accountant with more than 17 years of industry experience. David joined Davy in 2000 and became Head of Property in 2002. David qualified as a Chartered Accountant with Ernst & Young and joined Davy from Goldman Sachs. He has overseen the growth of Davy Real Estate to the point where it now manages €2.25 billion, as at 31 December 2019, through regulated (€1.8 billion) and unregulated (c. €450 million) structures, and a number of mandates managed on behalf of Irish and overseas investors..



**Robin Potter Cogan**  
Director, Davy Real Estate

Robin is a Chartered Accountant with more than 17 years of industry experience. Robin qualified as a Chartered Accountant with KPMG before working with Quinlan Private and then Anglo Irish Bank. He joined Davy in 2005 and oversees all aspects of property investment and management.

He took over responsibility for DIPF following the Davy acquisition of Prescient Fund Management in January 2014.



**Ronan Mitten**  
Technical Director, Davy Real Estate

Ronan is a Chartered Surveyor and Engineer with more than 20 years of industry experience.

Prior to joining Davy, Ronan was head of facilities management for an electronics multinational, managing complex industrial as well as office facilities. He joined Davy in 1999 and has headed the Facilities Management Team over that time. Ronan is also responsible for the technical and asset management aspects of DIPF.



**Simon MacKinnon**  
**Investor Relations, Davy Real Estate**

Simon is a qualified Chartered Accountant with 12 years of corporate finance experience (advisory and inhouse) and 7 years of operational and business development experience in the UK, Australian, Chinese and US markets. He has been involved in equity and debt raising across London Stock Exchange and Australian Stock Exchange listed companies.

He is responsible for Investor Relations and Distribution for DIPP.

# Fund mechanics

<b>Fund Structure</b>	QIAIF Structure - Minimum investment of €100,000 with additional requirements as per Information Memorandum and Application Form.
<b>Subscriptions</b>	All incoming monies will be used to subscribe to units on a monthly basis.
<b>Dividends</b>	Dividend amounts are declared and paid on a quarterly basis being calendar quarter end March, June, September and December.
<b>Redemptions</b>	Subject to status of the Redemption List provisions, redemption payments are facilitated on a quarterly basis being month end March, June, September and December.
<b>Redemption List</b>	Redemption list is operated by the Investment Manager on a first-on first-off basis such that redemptions are dealt in the date order in which the Redemption Request was received.
<b>Redemption Timeframe</b>	It is expected that a Unit Holder's redemption request will be dealt with fully within three years from the date of receipt of the Disposal Notice. There is no guarantee that a minimum number of Units will be redeemed on any given Redemption Date during this three-year period.
<b>Unit Class - Distributing</b>	Income paid out on a quarterly basis Exit tax @ 41% is withheld at source Net cash dividend to paid to the investor typically on the 3rd week after quarter end
<b>Unit Class - Accumulating Units</b>	Ex Tax/Net income amount calculated as per the Distributing Units This amount is converted to Units at the month end price Dividend invested in New Units and attributed to investor account

The Fund Overview contains summary information and does not purport to be comprehensive. It is strictly for information purposes only and should be read in conjunction with the Information Memorandum and does not replace the Trust Deed, Supplement Prospectus and Key Information Document for the Fund (together the 'Trust Deed') which contain additional information needed to evaluate the Fund and which provide important disclosures regarding risks, fees and expenses. Potential investors are advised to request and carefully read the Trust Deed, Prospectus, Supplement and Key Information Document which are available free of charge from Davy, Davy House, 49 Dawson Street, Dublin 2.





# Investment rationale

- Core, institution quality, Dublin focused asset base
- Asset strategy designed around current macro environment; investment returns are generated through income and hands on asset management
- Strong forecast income yields
- Well balanced portfolio across segment of the commercial property space
- Strong historical, multi cycle performance
- Low fund and management fees structure
- Highly experienced management team

**WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up.**

**WARNING: Forecasts are not a reliable indicator of future performance.**

# Fund tax treatments

Davy Irish Property Fund is a sub-fund of Davy Property Trust, and is a Qualifying Investor Alternative Investment Fund (QIAIF).

## For Irish Resident Investors

**Warning: This information is provided for Irish resident investors only and is based on our understanding of Irish tax legislation and the known current Revenue interpretation thereof. This can vary according to individual circumstances and is subject to change without notice, including retrospectively. It is intended as a guide only and not a substitute for professional advice. This information is not applicable to UK resident clients.**

It is our current understanding that an investment in the Davy Irish Property Fund operates on what is known as a 'gross roll-up' taxation basis. This means that there are no Irish income or capital gains taxes incurred on investment earnings generated within the Fund. This enables the Fund to add to its value by re-investing any income and gains without any deductions for Irish tax for an eight-year period.

## Tax Rates

Figure 1 outlines the current Irish taxation rates applicable to the Fund in the case of redemption from the Fund or deemed disposal.

**Figure 1: Taxation rates**

<b>Irish Tax Resident/ Ordinary Tax Resident Individual</b>	<b>41%</b>
<b>Irish Tax Resident Corporate*</b>	<b>25%</b>

\* This rate assumes the payment is not taken into account as a receipt from a trade carried on by the corporate investor.

Source: Revenue

Additional taxes may be payable where the company is treated as a 'close company' for Irish tax purposes.

Capital losses on disposal cannot be used to shelter capital gains from other investments.

## Irish Exempt Investors

Some investors may be exempt from tax. They include Irish resident pension schemes and charities which are approved by the Revenue and have completed the relevant revenue declaration. (Please note that there is no provision for a refund of tax in cases where tax has been withheld from the proceeds of a sale and the investor has not made the relevant declaration as an exempted investor).

## Eight-year Deemed Disposal Rule

A liability to tax currently applies to Irish individual investors and Irish corporate investors on the ending of the eighth anniversary of their acquisition of an interest in the Fund, and each subsequent eight-year period beginning when the previous one ended. The tax is payable on any unrealised uplift in the value of the investment at that date. Where the investment is

subsequently sold, the amount of tax paid under this eight-year rule is treated as a payment on account in respect of any further tax that may be due on disposal of the units. The 'excess income' deemed distribution can arise despite the fact that the relevant units may be accumulation units and no income will be ordinarily distributed to the unit-holders in any period in respect of their holding, either in cash or by way of a distribution which is then immediately reinvested into further units in the Fund.

## Deemed Disposals

Where an investor dies while holding an interest in the Fund, this event gives rise to a deemed disposal of the investment at market value at that point in time. Any taxable gain arising on this deemed disposal event may be liable to Irish tax at a rate of 41% with a potential for a credit against any Capital Acquisition Tax liability that arises on the same event where held for two years post death.

## Non-Residents

Different rules may apply in the case of certain non-residents. For more details, please consult your tax advisor.

Rates correct as at December 2019; these rates may be subject to change. Investors should consult their tax advisor for the rules that apply in their own individual circumstances Tax information correct as at January 2020.











# Fees & charges

Below is a summary of the fees, charges and expenses within the Fund. For full details on all charges and expenses, please refer to the Information Memorandum, 'Charges and Expenses' section of the Prospectus, the 'Fees and Expenses' section of the Supplement and the Key Information Document.

## Management fee

A management fee shall be payable to the Manager of up to 0.3% per annum of the Net Asset Value (NAV) of the Fund. This fee is payable monthly in arrears and will accrue daily. The Manager is also entitled to reimbursement of expenses incurred in the management of the Fund.

## Rent collection fee

A rent collection fee of 1.5% of rent collected is payable to the Manager.

## Transaction commission

A transaction commission of up to 1.25% of the consideration paid upon the purchase, acquisition, development or disposal of any estate or interest in land and immovable property in pursuance of the Fund's investment policy will be payable to the Manager. The Manager will pay out of the management fee, the fees and expenses payable to the Investment Adviser.

## Anti-dilution levy

Upon the recommendation of the relevant Investment Manager, an anti-dilution levy may be imposed. Please refer to the Prospectus, Supplement and Key Information Document for further detail.

## Miscellaneous

All normal operating expenses including (but not limited to) audit fees, legal fees, registration fees, administration costs, charges incurred on the acquisition and realisation of investments and the costs of publication and distribution of prospectuses, interim and annual reports and of the calculation and publication of unit prices will also be payable out of the Trust. Please refer to the Prospectus, Supplement and Key Information Document for further detail.

## Preliminary charge

In addition to the subscription price for each unit a preliminary charge of such amount as may be set by the Manager (and specified in the Supplement for the relevant Fund) but not exceeding 5% of that price (without taking into account that charge) will be payable to the Manager. Levels of charge may be varied by the Manager as between different applicants for Units. This cost is provided for in the Trust Deed but not currently charged by the Manager.

## Exchange charge

On an exchange of units of one Fund for units of another Fund a fee may be charged and if charged will be payable to the Manager, which shall not exceed 5% of the value of the units which are being exchanged, but the Manager shall not be entitled to receive any Preliminary Charge in respect thereof. This cost is provided for in the Trust Deed but not currently charged by the Manager.

## Trustee fee

The Trustee shall be entitled to receive out of the assets of the Fund an annual fee up to a maximum of 0.015% of the Gross Asset Value of the Fund, accrued at each Valuation Point and payable quarterly in arrears, subject to a minimum annual fee of €20,000 per Fund (plus VAT, if any). The Trustee shall also be entitled to receive out of the assets of the Fund a transaction based fee of €3,000 per acquisition or disposal of a property and a holding fee of €600 per property per annum. The Trustee shall also be entitled to receive a transaction based fee of €5,000 per acquisition or disposal of a development land and a holding fee of €800 per development land per annum. Fees are exclusive of VAT, if any. In addition, the Trustee is also entitled to charge to the Fund all agreed fees and transaction charges, at normal commercial rates, together with all reasonable and properly vouched out-of-pocket expenses (plus any applicable taxes), it incurs on behalf of the Fund in the performance of its duties under the Trust Deed, which shall be payable quarterly in arrears.

The Trustee will also charge the Fund third party transaction fees and sub-custodian fees and charges at normal commercial rates.

## Administration fee

The Manager shall pay to the Administrator out of the assets of the Fund an annual fee of up to 0.045% of the Gross Asset Value of the Fund, accrued at each Valuation Point and payable quarterly in arrears subject to a minimum annual fee of €50,000 per Fund (plus VAT, if any). The Administrator is also entitled to charge to the Fund an annual fee of €60,000 per year for the provision of transfer agency services for the Trust. The Administrator is also entitled to charge to the Trust all agreed fees and transaction charges, at normal commercial rates, together with all reasonable and properly vouched out-of-pocket expenses (plus any applicable taxes), it incurs on behalf of the Fund in the performance of its duties under the Administration Agreement, which shall be payable quarterly in arrears.

## Account fees

Davy account fees also apply, as disclosed in the terms and conditions of your Davy account.

# Risks

**WARNING: The following is a list of some of the important risk factors that prospective investors should consider prior to making a decision to invest in the Fund. The list is not intended to be comprehensive or exhaustive. Various other risks also apply which are outlined in the Prospectus and the Supplement. By making an investment in the Fund, investors will be deemed to acknowledge the existence of the risks set out below and in the Trust Deed, and to have waived any claim with respect to, or arising from the existence of any such risks. This is a long-term speculative investment. There is no guarantee that investors will receive back their invested capital, which could suffer a loss in whole or in part. There is no guarantee of any return on capital invested.**

## Investment risk

The price of the units may fall as well as rise. The Fund is not subject to the diversification and investment restriction applicable to retail funds. Therefore, there is potential for above average risk in investing in the units. Investment in the Fund is suitable only for sophisticated investors who are in a position to tolerate such risk. There can be no assurance that the Fund will achieve its Investment Objective or that an investor will recover the full amount invested in the Fund.

## Nature of investment

The Fund is a real estate-based investment, is speculative and requires a long-term commitment, with no certainty of return. Many of the investments will be highly illiquid. Therefore, investments may often be difficult to value and there can be no assurance that the Fund will be able to dispose of its investments at the price and time it wishes to do so. Investors may not receive any return and may not recoup the original amount invested in the Fund.

## No assurance of investment return

This investment carries with it a high degree of risk. The value of the investments held by the Fund may fluctuate in response to the activities and results of individual properties or because of general market and economic conditions or other events. There is no guarantee that the properties in which the Fund invests will achieve results comparable to those achieved in the past, that targeted performance will be met or that capital or income will be returned to investors. The value of the investment may fall as well as rise. The ability of the Fund to achieve the results will be dependent upon market conditions, the ability to fully let the real estate and a number of other factors, many of which will be beyond the control of the Senior Management Team and Trustee. Because of such uncertainties, actual results are likely to be different, and such differences could be material. Accordingly, investors should not place undue reliance on the targets. Neither past performance nor forecasts are reliable indicators of future performance. Forecasts are estimates only and should not be relied upon to make investment decisions.

## Real estate investments

Investments in real estate are subject to various risks including, but not limited to, adverse changes in economic conditions, financial conditions of tenants, buyers and sellers of properties, changes in the availability of and the terms associated with debt financing, changes in interest rates, real estate tax rates and

other expenses, changes in zoning laws and other regulations, acts of God, uninsurable losses and other factors beyond the control of the Senior Management Team. Many of these factors could cause fluctuations in occupancy rates, rent schedules, or operating expenses causing a negative effect on the value of real estate assets and on the income derived from real estate assets. The valuation of the real estate assets will be a matter of an independent valuer's opinion and may fluctuate up or down. The capital value of the Fund's real estate assets may be significantly diminished in the event of a sudden downward turn in real estate market prices. The Fund may also invest in properties that may need to be redeveloped. Such investments may carry greater or more numerous risks than investments in comparable developed properties including, but not limited to, construction delays and cost overruns. Further such investments are not likely to generate income or revenue over the periods during which development costs are incurred.

## Illiquidity

The real estate investments to be made by the Fund will generally be illiquid. The eventual liquidity of all investments will depend on the success of the realisation strategy proposed for each investment. Such strategy could be adversely affected by a variety of factors. There is a risk that the Fund may be unable to realise its investment objectives by sale or other disposition at attractive prices or at the appropriate times or in response to changing market conditions, or will otherwise be unable to complete a favourable exit strategy. Losses on unsuccessful investments may be realised before gains on successful investments are realised. The return of capital and the realisation of gains, if any, will generally occur only upon the partial or complete disposition of an investment. The Fund has a long-term investment strategy and it is therefore expected that investments will not be sold until a number of years after they are made. The ability of the Fund to vary its investments in response to changes in economic or other conditions is limited and there is no assurance that the Fund will be able to realise these investments in a timely manner.

## Currency risks

The Fund does not intend to invest outside of the Republic of Ireland or agree to receive any income or pay any expenses or costs in currencies other than in Euro. On that basis the Fund should not be taking any currency risk. However, in the event that any income or exposure in the future was in a foreign currency then there would be potential for either currency conversion losses or gains. Subscriptions into the

Fund will be made in Euro however, where an investor converts their investment into Euro from another currency there is no guarantee that the exchange rate will be favourable on redemption and this has the potential to result in a foreign exchange loss for such an investor at that point.

### **Legal, regulatory and tax risks**

The Fund does not currently suffer income tax or tax on its gains. However, no assurance can be given regarding the future level of taxation that may be imposed upon the Fund, its investments or investors with respect to their investments in the Fund. Any tax information that may be provided for investors in connection with this Fund is based on Davy's current understanding of the tax legislation in Ireland and the Revenue interpretation thereof. It is provided by way of general guidance only and is neither exhaustive nor definitive and is subject to change without notice. It is not a substitute for professional advice. You should consult your tax advisor about the rules that apply in your individual circumstances. The operation of the Fund and the consequences of an investment in the Fund are substantially affected by legal requirements, including requirements imposed by the securities laws and company laws in Ireland. No assurance can be given that future legislation, administrative rulings or court decisions will not adversely affect the operations of the Fund or an investment by an investor.

### **Dependence on service providers**

The Fund will depend significantly on the efforts and abilities of the Manager, Alternative Investment Fund Manager, the Investment Adviser and any third party service providers. The loss of key individuals could have a materially adverse impact on the Fund.

Also, the replacement of the Senior Management Team would cause disruption to the Fund.

### **Availability of investment opportunities**

The business of identifying and structuring real estate transactions of the types contemplated by the Fund is competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions. In addition, the Fund may face increasing competition for attractive investments from existing and new real estate investors with similar investment objectives, some of which may have greater financing resources than the Fund. Accordingly, there can be no assurance that the Fund will be able to identify and complete attractive investments in the future or that it will be able to invest fully the amounts subscribed by investors.

### **Uninsured losses**

The Fund will attempt to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, environmental contamination or terrorism, may be unavailable, available in amounts that are less than the full market value or replacement cost of investments or underlying assets or subject to a large excess. In addition, there can be no assurance that the particular risks which are currently insurable will continue to be insurable on an economically feasible basis. Because the Fund is a pooled investment fund, all Fund assets may be at risk in the event of an uninsured liability to third parties.

### **Concentration of the portfolio**

It is possible that the Fund will make a limited number of real estate investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavourable performance of a single investment. In addition, the diversification of the Fund's investments could be even further limited to the extent that the Fund invests a significant portion of its capital in a small number of transactions.

All of the Fund's real estate will be located in Ireland. The concentration of assets within one country or geographic area means that the Fund's performance may be more susceptible to a single economic, political, social or other event adversely affecting several investments than if the investments were more diversified.

### **Valuation of portfolio investments and interests**

Because there is significant uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realised by the Fund. Under certain conditions, the Fund may be forced to sell investments at lower prices than it had expected to realise or defer – potentially for a considerable period of time – sales that it had planned to make.

In addition, under limited circumstances, the Senior Management Team may not have access to all material information relevant to a valuation analysis with respect to a portfolio investment. As a result, the valuation of the Fund's investments, and the valuation of the Investment themselves, may be based on imperfect information and is subject to inherent uncertainties.

# Important information

This Davy Irish Property Fund Overview ('Fund Overview') is marketing material and is intended to provide summary information about the Davy Irish Property Fund ('DIPF' or the 'Fund'). The Fund Overview contains summary information and does not purport to be comprehensive. It is strictly for information purposes only and should be read in conjunction with the Information Memorandum and does not replace the Trust Deed, Supplement Prospectus and Key Information Document for the Fund (together the 'Trust Deed') which contain additional information needed to evaluate the Fund and which provide important disclosures regarding risks, fees and expenses. Potential investors are advised to request and carefully read the Trust Deed, Prospectus, Supplement and Key Information Document which are available free of charge from Davy, Davy House, 49 Dawson Street, Dublin 2.

In the event of any conflict or inconsistency between the information, views and opinions contained in this Fund Overview or the Information Memorandum, in so far as they relate to the Fund and/or its proposed activities and the Trust Deed for the Fund, the Trust Deed shall apply. The value of the investment can go down as well as up and the return upon the investment will therefore necessarily be variable. Neither past experience nor the current situation are necessarily accurate guides to the future. This Fund Overview has been provided to you in conjunction with the Information Memorandum on the basis of a formal expression of interest in receiving information on speculative investments such as this one, having also confirmed a level of knowledge and experience sufficient to enable you to understand the high risks associated with such investments, including the fact that you may not receive any return and may not recoup the original amount invested. The information provided does not constitute investment advice. It is not a recommendation or investment research and is classified as a marketing communication in accordance with the European Union (Markets in Financial Instruments) Regulations 2017.

The Fund Overview does not constitute an offer for the purchase or sale of any financial instruments, trading strategy, product or service. No one receiving this Fund Overview should treat any of its contents as constituting advice. This document does not consider the suitability of this investment for you nor does it take account of your investment objectives, knowledge and experience or financial situation. Interested parties are not entitled to rely on any information or opinions contained in this Fund Overview or the fact of its distribution for the purpose of making any investment decision or entering into any contract or agreement with Davy in relation to any investment. You may contact your Private Client Advisor/ Intermediary to discuss further the content of this document before proceeding with any investment decision. You should ensure that you fully understand the investment and the risks associated with it. You are entirely responsible for any investment decision you make. If you are not satisfied that you fully understand the investment or are unsure about its suitability in the context of your own individual circumstances, you should not proceed to invest.

Davy takes no responsibility for and shall not be liable in respect of any losses arising from the investment and/or any investment decision made by you following use of this Fund Overview, the Information Memorandum, Trust Deed, Prospectus, Supplement or Key Information Document. Financial Advisors and their clients are advised to request copies of the Fund Trust Deed, Prospectus, Supplement, Key Information Document and other Fund documentation containing additional information on risks, fees and charges which apply and to make their own independent commercial assessment of the information and to obtain any independent professional advice as may be appropriate (including inter alia legal and tax advice), before making an investment decision, and only make such decisions on the basis of their clients investment objectives, experience and resources.

Prospective investors should refer to the sections in relation to fees, expenses and risks as well as the fees, expenses and risks outlined in the Prospectus and Supplement. Prospective investors should note that this is a long-term investment with limited liquidity. The information contained in this Fund Overview is not investment research or a research recommendation for the purposes of regulations. Statements, expected performance and other assumptions are based on current expectations, estimates, projections, opinions and/or beliefs of Davy at the time of publishing. These assumptions and statements may or may not prove to be correct. Some of the information contained in this Fund Overview has been obtained from published sources or has been prepared by third parties. While such sources are believed to be reliable, Davy shall have no liability, contingent or otherwise, to the user or to third parties, for the quality, accuracy, timeliness, continued availability or completeness of same, or for any special, indirect, incidental or consequential damages which may be experienced because of the use of the data or statements made available herein. While reasonable care has been taken in the preparation of this Fund Overview, no warranty or representation, express or implied, is or will be provided by Davy or any of its shareholders, subsidiaries or affiliated entities or any person, firm or body corporate under its control or under common control or by any of their respective directors, officers, employees, agents, advisers and representatives, all of whom expressly disclaim any and all liability for the contents of, or omissions from this Fund Overview, the information or opinions on which it is based and for any other written or oral communication transmitted or made available to the recipient or any of its officers, employees, agents or representatives.

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actual conflicts exist. From time to time Davy may have interests which conflict with clients' interests or with duties that we owe our clients. Investors should be aware that the Manager and Alternative Investment Fund Manager ('AIFM') Davy Investment Fund Services is a wholly owned subsidiary of the Investment Manager (J&E Davy) and the Directors of the Manager/AIFM may also be Directors of the Investment Adviser & Distributor; both companies are part of the J&E Davy Holdings Group.

The Manager, Investment Adviser, Trustee, Administrator, Distributor and their respective affiliates, officers and shareholders (collectively the 'Parties') of the Fund are or may be involved in other financial, investment and professional activities which may on occasion cause conflicts of interest with the management of the Fund. These include management of other funds, management of properties within the Fund and other funds, purchases and sales of securities, investment and management services, broker services, trustee and custodial services and serving as directors, officers, advisers or agents of other funds or other companies, including companies or properties in which the Fund may invest. In particular, it is envisaged that the Investment Adviser/Distributor and Fund Manager of the Fund may be involved in managing or advising on investments within the Fund or on the investments of other investment funds which may have similar or overlapping investment objectives to or with the Fund. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the Directors of the Manager shall endeavour to ensure that it is resolved fairly and in the interests of unit-holders. Where relevant, Davy makes payments to intermediaries that help to start, conclude or maintain a business relationship between Davy and its clients. Further information is available in the Davy terms and conditions for your account. You can receive more detailed information on request by contacting Davy or your intermediary. Our conflicts of interest management policy is available at [www.davy.ie](http://www.davy.ie).

## Source documentation for page 5

- 1 [https://ec.europa.eu/ireland/news/european-commission-puts%20Ireland-s-growth-forecast-for-2019\\_en](https://ec.europa.eu/ireland/news/european-commission-puts%20Ireland-s-growth-forecast-for-2019_en)
- 2 <https://www.centralbank.ie/docs/default-source/regulation/industry-market-sectors/credit-unions/communications/presentations/irish-economy-outlook-2018-2019.pdf?sfvrsn=2>
- 3 <https://www.irishtimes.com/business/economy/foreign-direct-investment-to-state-dropped-from-798bn-to-744bn-in-2017-1.3682800>
- 4 <https://www.friendsfirst.ie/ff-irish-property-market-outlook-december-2018/>
- 5 2018 CBRE Market Report
- 6 <http://www.dublinchamber.ie/business-agenda/about-dublin>
- 7 Knight Frank Office Report - 2018
- 8 CBRE Market Report - 2018

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