



Annual Sustainability Report Irish Property Fund

December 2022

Version 1.0

Helping people build
better futures

Introduction

At Irish Life, we believe in doing right by your money by helping build a better future for all.

Through Irish Life Investment Managers (“ILIM”) we invest your money in a responsible way that benefits you and the planet.

Product Name: Irish Property Fund

Legal Entity Identifier: YV6S3OE6EWZYI2FFW31

Status under the EU Sustainable Finance Disclosure Regulation (SFDR)

There are new rules which require any fund which promotes environmental and/or social characteristics to provide detailed sustainability related disclosures to prospective customers.

As this Fund has been categorised as meeting the provisions set out in Article 8 of the EU SFDR, this report provides further details on what the sustainability related ambitions of the Fund are and how the sustainability related ambitions of the Fund are met.

Investment Objective

The Irish Property Fund is an actively managed Property Fund, which gives investors exposure to Irish Commercial Property. The Fund is invested in a well diversified spread of commercial properties with a mix of office, retail and industrial properties. The properties are let on long-term leases to a portfolio of blue-chip tenants. This gives the Fund a steady and secure source of income.



Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

- | | |
|---|---|
| <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It made sustainable investments with an environmental objective: __%</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It made sustainable investments with a social objective: __%</p> | <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p> |
|---|---|

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund invests predominantly in a diversified commercial Property Investments portfolio in Ireland and participates in the Global Real Estate Sustainability Benchmark (GRESB). The Fund is managed using a framework for the reduction of greenhouse gas emissions, energy use, energy intensity targets, renewable energy use, and the use of circular economy principles in new developments

This Fund specifically aims to:



1. Reduce the impact of the Fund on Climate Change relative to Global Real Estate Sustainability Benchmark (GRESB). GRESB is a widely adopted system to assess and benchmark the ESG performance of real assets including real estate in order to provide a standardised and independent assessment of performance.



2. Maintain and improve the Fund's overall sustainability scores (relative to the Global Real Estate Sustainability Benchmark).

The environmental and social characteristics are promoted through the specification of the buildings and their systems, measurement and management of greenhouse gas emissions, energy use, water usage and waste disposal.

The indicators used to measure the outcomes of this approach are:



Reduce the impact of the Fund on Climate Change (relative to GRESB)

- > Reduction in carbon intensity of the portfolio versus GRESB regarding Building Certification
- > Reduction in fossil fuel involvement of the portfolio versus GRESB regarding Energy



Maintain and improve the Fund's overall sustainability (relative to GRESB)

- > Improvement in the scores in the GRESB reporting under the Risk Management and Reporting headings

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

GRESB Participation Score

Irish Property Fund improved its overall GRESB ranking. In 2022 IPRP improved from 22nd place in 2021 to 18th place

2022	
	18 th out of 75

Reduction in portfolio carbon intensity vs GRESB

The Irish Property Fund has developed a programme for measuring and recording like for like scope 1,2, and 3 emissions and has improved its coverage in excess of 98% which is ahead of the benchmark.

GHG		2022	
Fund			5.92
Benchmark			5.22

Buildings Certification

Irish Property Fund demonstrated higher GRESB Scores relating to operational building certification than its peers

2022	
Fund	5.50
Benchmark	4.00

Data monitoring and review

The fund continues to beat the benchmark on data monitoring

2022	
Fund	5.08
Benchmark	4.00

...and compared to previous periods?

As 2022 is the first year of reporting, there are no comparative periods to report. A comparison between the 2022 periodic report sustainable metrics will be provided in the 2023 periodic report.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

While this Fund is designed to consider and contribute to the sustainability of our environment and society within the provisions of Article 8 of the SFDR, it is not specifically designed to make “sustainable investments” as defined under SFDR or to make investments which qualify as “environmentally sustainable” under the EU Taxonomy. Notwithstanding this, some of the Fund’s investments were aligned with the EU Taxonomy. The environmental objective of these investments was “climate change mitigation” per Article 9 of the EU Taxonomy.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, of which the most significant are referred to as Principal Adverse Impacts (PAI).

Where possible and feasible, and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund’s investment decision making. This consideration occurs before making investment decisions and, where an investment is made, as part of our ongoing monitoring and management of that investment.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

We consider the following key PAIs in our decision making:

Exposure to fossil fuels through real estate assets

Exposure to energy inefficient real estate assets

Investment decisions result in more capital allocation to companies with improved PAI indicators as a result of the ESG data integration.

Further details on the principal adverse impacts can be found at <https://www.ilim.com/media/2265/ilim-pai-regulatory-document.pdf>



What were the top investments of this financial product?

31 December 2022

Largest Investments	% Assets	Country
2 Grand Canal Square	11.6%	Ireland
1 Georges Quay	10.1%	Ireland
13-18 City Quay	8.9%	Ireland
Cadenza, Earlsfort Terrace	7.9%	Ireland
24-26 City Quay, Dublin 2	5.7%	Ireland
Stephen Court	3.7%	Ireland
30 Herbert Street	3.2%	Ireland
City Gate Business Park, Blocks A&B, Mahon, Cork	2.7%	Ireland
Alexandra House	2.5%	Ireland
1 Adelaide Road	2.4%	Ireland
100/101 Grafton Street	2.1%	Ireland
Limerick One Shopping Park	2.1%	Ireland
Pavilions Shopping Centre (IPRP/IRLMOD)	2.0%	Ireland
1 Aerodrome Business Park	2.0%	Ireland
Hambledon House 19/26 Lower Pembroke St., Dublin 2	2.0%	Ireland

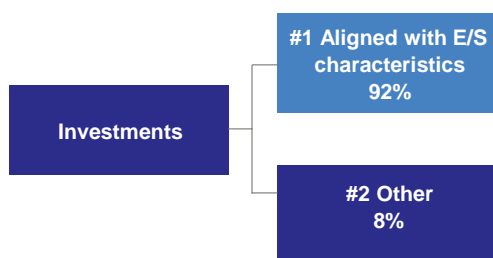
The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period.



What was the proportion of sustainability-related investments?

The Fund invests into property in line with its fund mandate. It holds cash targeting a level of 2.5%-7.5%. The intention is that at least 90% of investments are expected to be allocated to assets which promote with E/S characteristics and up to 10% may be allocated to "Other" investments which may comprise of cash for liquidity purposes or derivatives. This 10% "Other" investments may be exceeded for short periods of time when additional cash is held to complete an acquisition, or for short periods of time after the sale of an asset.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Asset allocation describes the share of investments in specific assets.

In which economic sectors were the investments made?

The Fund invests in a portfolio of Irish commercial property investments in Ireland. The Fund therefore has exposure to the Real Estate sector.

The Fund does not have direct exposure to the fossil fuel industry.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

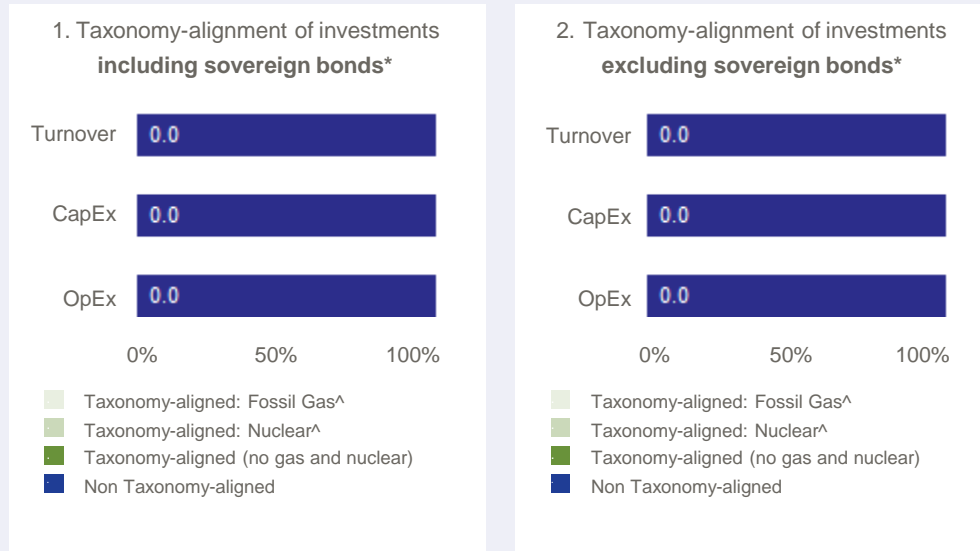
0%

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

Yes
 In fossil gas[^]
 In nuclear energy[^]

 No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

[^]Data relating to Taxonomy aligned Fossil Gas and Nuclear is not currently available. Data relating to these activities will be populated once the data becomes available.

What was the share of investments made in transitional and enabling activities?

N/A

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A

(1) Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transactional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share

turnover reflects the "greenness" of investee companies today

> **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy

> **operational expenditure** (OpEx) reflects the green operational activities of investee companies



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.



What was the share of socially sustainable investments?

The Fund did not intend to make any investments in sustainable investments with a social objective.



What investments were included under “Other”, what was their purpose and were there any minimum environmental or social safeguards?

The Fund may also invest in cash, For cash holdings, no cash is held with banks which are on ILIM's exclusion list.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

To meet the environmental and social characteristics promoted, the fund incorporates both exclusionary screening and applies binding sustainability criteria to the selection of underlying assets as part of its investment decision making process.

As part of ILIM's real estate acquisition process, a comprehensive due diligence is conducted that includes financial, physical, governance, regulatory, market, environmental and social considerations. The results are reviewed by the Head of Property and Investment Committee.

ILIM's due diligence process includes a complete technical assessment against material ESG themes. These technical assessments result in Property Improvement Plans to improve ESG impacts and put the asset on ILIM's Net Zero Pathway to reduce its carbon emissions.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



How did this financial product perform compared to the reference benchmark?

How did the reference benchmark differ from a broad market index?

Although the Fund participates in the Global Real Estate Sustainability Benchmark (GRESB), the Fund follows an active investment strategy and does not have a reference benchmark.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Although the Fund participates in the Global Real Estate Sustainability Benchmark (GRESB), the Fund follows an active investment strategy and does not have a reference benchmark.

How did this financial product perform compared with the reference benchmark?

Although the Fund participates in the Global Real Estate Sustainability Benchmark (GRESB), the Fund follows an active investment strategy and does not have a reference benchmark.

How did this financial product perform compared with the broad market index?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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This disclosure is being made in accordance with the Sustainable Finance Disclosure Regulation (SFDR). It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. You should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

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