



Website Disclosures For ILIM European Real Estate Fund 2022

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: ILIM European Real Estate Fund

Legal Entity Identifier: 635400VTD5INBIOMDR35

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 Sustainable Finance Disclosure Regulation (SFDR), this report provides further detail on what the sustainability related goals of the Fund are and how the sustainability related goals of the Fund are met.

Investment Objective

The investment objective of the ILIM European Real Estate Fund (the "Fund") is to seek to provide Limited Partners with an attractive return in the form of distributed income and capital appreciation through investing in diversified European Investments.



Summary

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

The Fund was launched in August 2021 and invests predominantly in a portfolio of European Property Investments. Environmental, Social and Governance (ESG) characteristics of assets are considered by the Fund in its investment and asset management process. The Fund promotes environmental and social characteristics that are relevant to the real estate assets it invests in with the principal objective of supporting the Fund's investment objective.

The Fund is an actively managed long term open ended real estate fund with limited liquidity, which promotes environmental and social characteristics alongside other factors (Article 8 of the SFDR). The Fund invests predominantly in a portfolio of Property Investments in Europe and will participate in 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.

90% of the Fund's investments are aligned with environmental or social (E/S) characteristics. The balance is in cash and other financial instruments used by the Fund to manage its property investments.

Where possible, 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 thereafter as part of our ongoing monitoring and management of that investment, where an investment is made.

We consider the following key PAIs in our decision making:

Impact on climate change:

- > Exposure to fossil fuels through real estate assets
- > Exposure to energy-inefficient real estate assets

The binding elements of the implementation of the investment strategy that ensure e/s characteristics are considered include:

- Confirmation that ILIM approach to ESG in due diligence has been followed in order to identify material ESG risks and opportunities prior to acquisition.
- Formal input required from specialist ESG team as part of investment due diligence processes.
- Confirmation that tenants or other applicable parties do not fall on exclusion list.
- Continual review, on an annual basis, that the ongoing investment process is informed by environmental and social indicators.

ILIM, as Fund manager, obtains the data used to attain and evaluate each of the environmental and social characteristics promoted directly from our asset management partners.

There are limitations regarding data from some investments and the Fund is addressing this through new technology upgrades.

The Fund's assets are directly held and the information used is primary data, taken from source.

The Fund actively engages with developers, design teams, local authorities, neighbours and tenants on an ongoing basis to ensure the assets are ahead of required E/S requirements and delivering what the tenants want and need while enhancing the environment surrounding the assets.

There is no index regarded as a suitable reference benchmark for this Fund.

No sustainable investment objective

This financial product promotes environmental and/or social characteristics but does not have a sustainable investment objective.

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.

Environmental or social characteristics of the financial product

Environmental and social characteristics of assets promoted by the Fund include:

- Reductions in greenhouse gas emissions to support the decarbonization of the built environment. Greenhouse gas emissions performance relative to appropriate benchmarks is monitored
- Energy efficiency and on-site renewable energy generation
- Water efficiency
- Resource efficiency and best practice waste management including recycling and recovery
- Social factors such as respect for human rights and anti-corruption and anti-bribery matters in relation to major suppliers and tenants
- The mitigation and management of flood risk and future physical climate risk
- The mitigation and management of contamination risk
- When undertaking development and refurbishment works principles of sustainable design and construction are promoted

Environmental and social characteristics such as these are promoted for new investments, relevant development projects and as part of asset management activities for standing assets.

Investment Strategy

The Fund is an actively managed long term open ended real estate fund with limited liquidity, which promotes environmental and social characteristics alongside other factors (Article 8 of the SFDR). The Fund invests predominantly in a portfolio of Property Investments in Europe and will participate in 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.

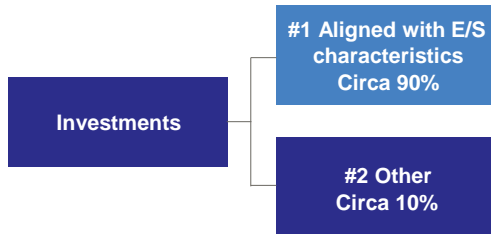
The Investment Manager has set specific targets for the Fund relating to energy consumption, renewable energy, greenhouse gas emissions, water use and waste production using a robust reporting regime to monitor performance against targets, and to provide a basis for engagement with tenants and other stakeholders. This process is implemented for acquisitions, refurbishments and new developments.

The Investment Manager, on behalf of the Fund, conducts comprehensive due diligence assessments and ongoing due diligence that include financial, physical, governance, regulatory, market, environmental and social considerations, and maintains procedures providing guidelines to manage the exposure of the Fund's assets to relevant sustainability risks.

As with any property investment, sustainability risk could result in a significant, or in extreme circumstances, an entire loss of value of the investment, which in turn, could impact upon the returns of the Fund. The Investment Manager aims to mitigate this risk through the investment due diligence process and by arranging insurance protection, as appropriate.

Proportion of Investments

The estimated proportion of assets within the Fund which promote E/S characteristics is represented below as per #1.



#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.

The Fund invests into diversified geographies and sectors in Europe in line with the investment policy set out in the Limited Partnership Agreement. 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.

Monitoring of environmental or social characteristics

ILIM rely on and collate ESG data from the Fund's service providers.

Reports on the performance used to measure the E/S characteristics of the Fund are reported periodically by ILIM's Investment Risk team to ILIM's Responsible Investing Governance Committee and the ILIM Board. Exceptions are highlighted and addressed where appropriate.

Methodologies for environmental or social characteristics

Environmental, Social and Governance (ESG) characteristics of assets are considered by the Fund in its investment and asset management process. The indicators used to measure attainment and inform decisions vary depending on the nature of the asset, information availability and stage in the investment lifecycle (i.e. pre-acquisition, due diligence, operation, development etc.). However, indicators are linked to the E/S characteristics noted above and will include:

- Operational energy performance
- Operational greenhouse gas emissions
- Alignment with appropriate decarbonisation benchmarks and costs to decarbonise the asset over time
- Operational water consumption
- Waste management indicators including generation and treatment method
- Implementation of procedures on anti-corruption and human rights
- Future physical climate risk exposure including flood risk
- Contamination risk level
- Building certifications including alignment with known future energy performance legislation and compliance costs

Data sources and processing

The data from the Fund's properties is measured by the Fund's service providers under the terms of their appointment contracts and this primary data is recorded and analysed to measure and importantly to seek out potential for improvement.

ESG data and metrics attributed to the environmental and social characteristics promoted by the Fund may contain some estimated data due to a lack of data. The limitations to methodologies and data arising are not deemed to be material at overall fund level and do not effect how the E/S characteristics promoted by the Fund are met.

Limitations to methodologies and data

There are data limitations regarding relating to the assets within the Fund due to the nature of property as an asset-class. Data is continually improving and the Fund is addressing this through new technology upgrades. The limitations to methodologies and data arising are not deemed to be material at overall fund level and do not effect how the E/S characteristics promoted by the Fund are met.

Due Diligence

The Investment Manager, on behalf of the Fund, conducts comprehensive due diligence assessments and ongoing due diligence that include financial, physical, governance, regulatory, market, environmental and social considerations, and maintains procedures providing guidelines to manage the exposure of the Fund's assets to relevant sustainability risks.

The Fund intends to purchase real estate directly or through Special Purpose Vehicles (SPV) entities. It carries out thorough financial and governance due diligence in relation to its counterparties.

Engagement Policies

The Investment Manager has set specific targets for the Fund relating to energy consumption, renewable energy, GHG emissions, water use and waste production using a robust reporting regime to monitor performance against targets, and to provide a basis for engagement with tenants and other stakeholders.

ILIM assess good governance practices in investee companies through a number of measures which include: ESG Risk scores, alignment with the UN Global Compact and involvement in severe controversies.

Designated reference benchmark

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

This document is intended as a general review of investment market conditions. 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.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

ILIM may manage investment funds which may have holdings in stocks commented on in this document. 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.

Irish Life Assurance plc is regulated by the Central Bank of Ireland.