

Gresham House Commercial Property Fund

Quarterly Report
1 January 2025 to 31 March 2025



Gresham House
Specialist investment

Highlights

A long-term track record of positive risk-adjusted returns with lower volatility.

This unaudited quarterly update provides an overview of Gresham House Commercial Property Fund (the Fund) performance between 1 January 2025 to 31 March 2025.

The Fund launched in 2016 with a target return of 8-10% per annum, inclusive of 5% income.

Unit Price
(NAV per Unit)

€139.52

Portfolio of ten properties*

€52,090,000

Rental income

€4.1mn p.a.

The Fund produced a return of 2.95% during the quarter ended 31 March 2025.

The Fund has won the MSCI award for best performing Irish portfolio for the last five years.

Running rental income yield from the portfolio of 8% per annum.

*Valued externally by Cushman & Wakefield

The Investment Manager, Gresham House Ireland Investment Management (Gresham House Ireland, Investment Manager or the Manager), is a leading Irish based asset manager, managing a range of funds, which invest globally, to grow and protect our clients' assets.

For more information visit

www.greshamhouse.ie

Investment Manager's Report

Fund Performance

The Fund produced a return of 2.95% in the first quarter thereby delivering a return for the 12 months to 31 March 2025 of 7.67%.

The Fund's total portfolio return over 12 months to end March 2025 was 3.13%, compared to a market benchmark of 0.83%.

Fund Portfolio

As of 31 March 2025, Cushman & Wakefield's valuation of the Fund's properties confirmed a total portfolio value of €52.09mn. This represents a 0.72% increase in the portfolio's value compared with the valuation at the end of December and is noteworthy given that this is the fourth consecutive quarter when values have been marked-up after eight previous quarters of value decline. The increase in valuation during the quarter reflects a firming in the yields being applied by the valuers in respect of some of the retail and office properties. The two retail assets in Cork saw a tightening of yields of 10 bps each reflecting investor sentiment in Cork retail. Another driver of the increase in value relates to the HVAC upgrade project that commenced in Tuansgate, on foot of which the valuers have reduced the yield by 15 bps which increased the value of this asset by 3.7%.

The portfolio now generates a rental income of €4.1mn per annum, resulting in a running income yield of 7.9% based on the valuation. A number of properties in the portfolio are due to undergo rent reviews over the next few quarters and these reviews combined with the extra rent generated once the last remaining vacant space in Fenward House is leased is expected to result in increased rent roll for the Fund in the upcoming period.

Improving our sustainability credentials continues to be a strong focus for the Fund. A series of measures and improvements aimed at improving the Fund's GRESB score continue to be undertaken as the Fund enters its third year of GRESB scoring with a view to achieving three stars in the 2025 application.

Market Background

Ireland's economy continues to perform well, supported by accommodative policies, rising incomes, and strong exports. However, increased global policy uncertainty, particularly regarding U.S. trade measures, poses risks. The Central Bank projects GDP growth averaging 4% from 2025 to 2027, with inflation expected to ease but remain above the 2% target.

In the first quarter of 2025, Ireland's commercial property market demonstrated notable signs of recovery across various sectors, influenced by both domestic economic performance and broader European trends.

Office sector

Dublin's office market experienced a resurgence, with significant interest from major corporations. State Street sought 70,000 sq ft of new office space, and Meta Platforms advanced negotiations with new tenants at its Fibonacci Square. The Land Development Agency also aimed to secure offices for its expanding workforce. Vacancy rates declined, and rents in the central business district reached €65 per sq ft. The Society of Chartered Surveyors (SCSI) anticipates that prime office capital values and rents will increase by 1.4% on average in 2025. With the improvements in the general economy and increased occupier activity, the supply and demand tension for office space will begin to take hold leading to rental inflation pressures for new grade A office space.

Industrial Sector

The industrial sector remained robust, attracting significant investment. Logistics and industrial assets continued to be sought after, with further yield tightening expected for prime assets traded in 2025. The SCSI predict that national average capital values for prime industrial properties will rise by 3.2%, with rents increasing by 3.1% on average.

Retail Sector

The retail market showed mixed signals. While some retailers faced challenges, leading to closures - such as Thunders Home Bakery, Dealz in Cork, Schuh in Limerick, and New Look stores nationwide, there were also expansions. Applegreen planned to open 20 new M&S Food stores across Ireland, bringing its total to 41 locations, with ambitions to reach 60. The SCSI expects prime retail rents to rise by 1.2%, and capital values by 1% on average during 2025. There has been a notable shift of investor focus towards retail properties, with experiential retail and leisure offerings gaining traction in Dublin. Significantly, the Frascati Centre has recently leased 40,000 sq. ft of space to The Warehouse Gym and Boots who have taken an enlarged store within the scheme. Brands such as Everyman Cinema and Hijingo are seeking space, bolstering the trend towards more engaging retail experiences.

Investment Market

Investment activity showed positive momentum, with increased international capital flows and improved funding conditions. Domestic and European funds were particularly active, focusing on sectors like logistics, industrial, and offices. Knight Frank projected that stronger office occupier activity, a reduced development pipeline, and upward pressure on prime rents would support larger office transactions in 2025. CBRE anticipated that the continued economic rebound would create prime investment opportunities across all property segments, with prime assets expected to deliver the strongest performance. Retail continues to remain favourable, attracting strong investor attention, following the sale of Oaktree's 8 retail parks in Q1. A collection of retail parks known as the Trinity Collection has recently been placed on the market with a strong guide price of €120mn.

Market Outlook

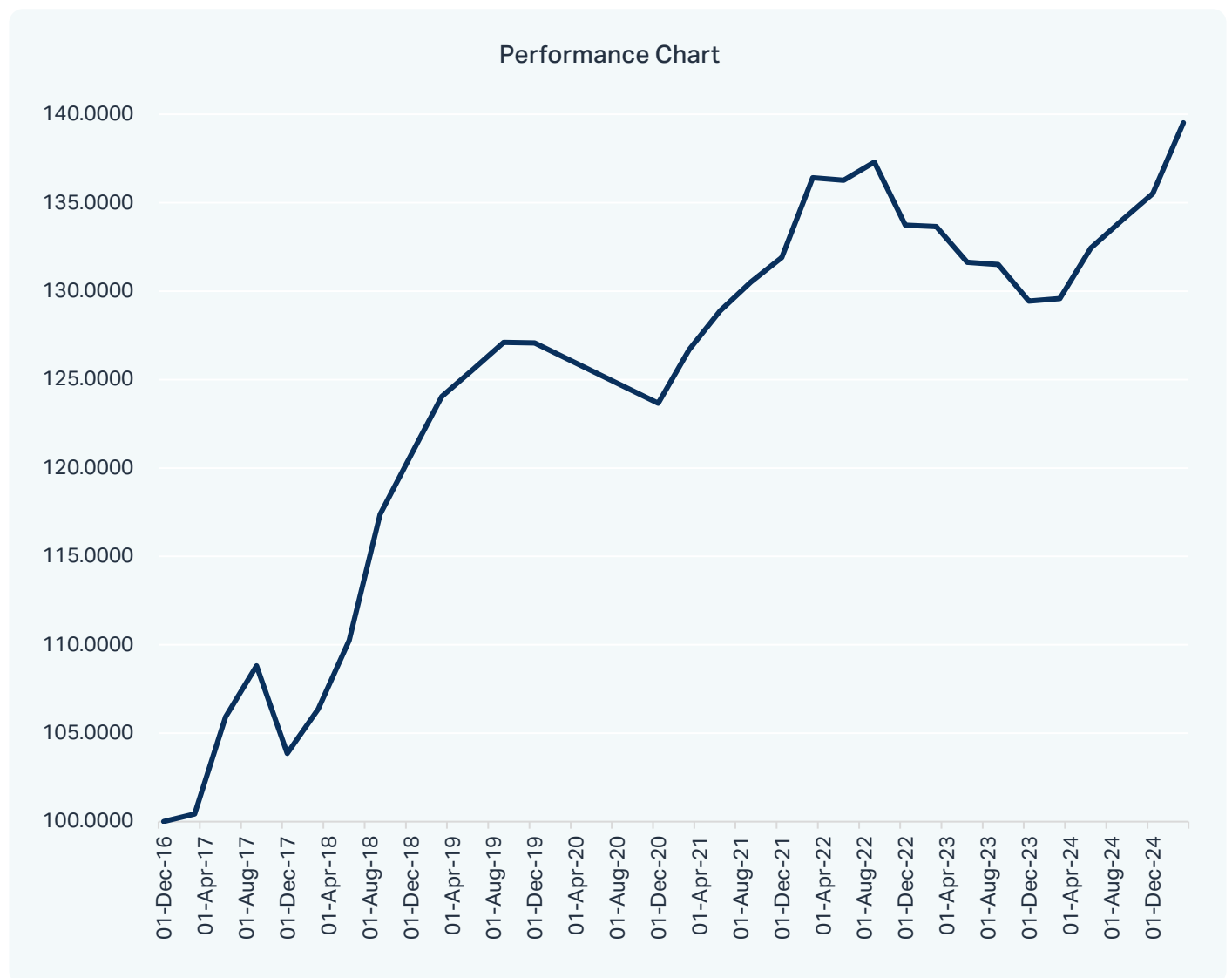
The commercial property market in Ireland is transitioning into a phase of recovery and growth. Improving occupier and investor sentiment, along with stabilising credit conditions, contribute to a positive outlook. However, challenges such as geopolitical uncertainties and structural factors like the rise in remote working continue to influence market dynamics. Stakeholders are advised to remain attentive to these developments while capitalising on emerging opportunities.

Fund Outlook

The Fund's consistent outperformance of the market as measured by the MSCI Irish Property index shows strong medium-term performance, ranking 1st over three and five years and benefitting from both sectoral allocation and individual asset selection to achieve this result. This validates the strategy adopted from the outset which emphasises the acquisition of property assets that offer solid value and can generate a high and sustainable income yield.

The Fund continues to provide a robust running income from a variety of high-quality assets spread across the three main sectors of the commercial property market. This diversification positions the Fund favourably to maintain its outperformance while value growth is modest. Furthermore, we expect that the likely recovery in the market will benefit the Fund's portfolio given the scope for significant growth of current values.

	YTD	3 months	6 months	1 year	3 years	5 years	10 years	Since Inception
Net Return	2.95%	2.95%	4.12%	7.67%	2.27%	12.82%	-	39.52%
Annualised Return	2.95%	2.95%	4.12%	7.67%	0.75%	2.44%	-	4.12%
Best Month	6.47%	June 2017						
Worst Month	-4.55%	Dec 2017						
Current Quarter	2.95%							





Fenward House
Sandyford



**73 & 74/75
Patrick Street**
Cork



Tuansgate
Tallaght



Westland House
Dublin 12



**Boromih
Shopping Centre**
Swords



Beaver House
Clonskeagh



Damastown Way
Mulhuddart



Magna Park
Citywest



Applegreen
Celbridge

The Team

Board of Directors of the Gresham House Investments ICAV



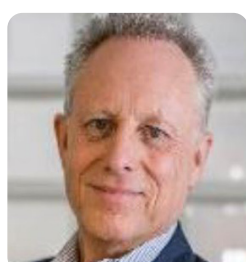
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Chairman



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Executive Chair,
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