

Oracle Pan-European Property Fund Investor Report – June 2020

1. Introduction and Summary

The Oracle Pan-European Property Fund (“The Fund” or “The Friends First Fund”) is a Friends First unit linked fund (brought to you by Aviva) invested in a larger underlying fund (“the Portfolio”) managed by **Doughty Hanson**¹. The Fund was launched to policyholders in September 2006 as a closed-end geared property fund with an expected eight year term and a provision for two one year extensions, subject to market conditions. Policyholders may not surrender their investment until the liquidation date of the Fund. The liquidation date is the date the underlying investment in the Portfolio has been liquidated (this will occur when all of the property investments of the Portfolio have been realised and the underlying structure has been completely liquidated). Please note that (Life) policyholders have received back 78.2% of their original premium to date by way of nine coupon payments. (See **Section 4** for further details).

On 21 December 2017, the term of the underlying Portfolio ended and Doughty Hanson began the orderly winding-up of the affairs of the Portfolio and they continue to work through this process. Once all of the remaining value has been realised and the final distribution has been made from the Portfolio to the Fund, Aviva will liquidate the Fund and make available the final proceeds to policyholders.

2. Current Investment Performance

The unit price of the Fund at 1 June 2020 is €0.88 which represents a 7.4% decrease in the value since our last investor report in June 2019, when the unit price was €0.95. The decrease in price is primarily due to costs associated in liquidating the Portfolio.

| Change in the value of policyholders' remaining investment | | |
|---|-------------------|-------------|
| | Total Fund €'m | % change |
| Initial investment (equity) | 25.74 | |
| Unit deductions including coupons ¹ | (25.42) | |
| Remaining equity | .32 | 100.0% |
| Fund set-up and upfront costs | (0.01) | -4.0% |
| Investment return | (0.02) | -7.9% |
| Value of remaining investment at 1 June 2020 | 0.28 | 88.2% |
| Remaining units | .32m | |
| Unit Price at 1 June 2020 | €0.88 | |
| ¹ The deduction of investment units is the result of coupon payments paid to policyholders (or their assignees) to date (further detail in Section 4), cancellations and death claims. | | |
| ² Figures may be affected by rounding. | | |

The current value represents a **11.8%** decrease in value of policyholders' remaining premium.

7.9% of the decrease is due to the **reduction in the value of the underlying investment in the Portfolio** since commencement and **4.0%** of the decrease is due to Fund set up and upfront costs.

3. Portfolio Update

There are no properties remaining in the Portfolio. Doughty Hanson has made progress closing out some property tax and VAT refunds for the Golf Parc holding company and are currently working with the buyer / escrow agent on the closure of a rental guarantee escrow that has now expired. Once these have been finalised it will facilitate the liquidation of the Portfolio structure. These liquidations will be progressed as quickly as possible and are expected to be completed by early 2021.

¹ Doughty Hanson rebranded to DH Private Equity Partners in May 2017.

4. Life Policyholders

To date Oracle life policyholders (or their lending bank where the policy is assigned) have been repaid approximately 78.2% of their initial investment amount through nine distributions (known as coupon payments). The payments to life policyholders (which are not guaranteed, and can only be made when sufficient surplus cash is available) are a repayment of policyholder equity (i.e. returning a portion of their original initial cash invested). At commencement, policyholders received an allocation of investment units in the Fund based on their net investment amount, after commission. As such, when initial equity is returned to policyholders by way of distribution, units with corresponding value have been cancelled at the prevailing unit price at the time of distribution. To date 98.2% of units have been cancelled, meaning the remaining 1.8% of units are valued at the current unit price of €0.95. The actual performance of your investment is the amount of premium repaid to date plus the value of your remaining investment amount. For life policyholders, this represents a blended unit price of c.€0.80, which is made up of 78.2% of premiums returned through coupon payments and 1.8% in expected value remaining in the Fund (see example below).

| Oracle Pan European LIFE Fund - Coupon Example (based on €100,000 investment) | | | |
|--|--------------|------------------|------------------------------|
| | | Value | Units |
| Gross investment premium, say | | € 100,000 | |
| Broker commission, say 3% | | -€ 3,000 | |
| Net investment premium | | € 97,000 | |
| Initial allocated units | | | 97,000 units allocated |
| 9 x Coupon payments paid out as return of your equity (78.2% of net investment premium) | | A € 75,867 | 95,292 units cancelled* |
| Remaining investment value at 1 June 2020 | €0.88 | B € 1,505 | 1,708 units remaining |
| Approximate blended return on investment at 1 June 2020 | €0.80 | A+B € 77,372 | (not guaranteed) |
| *Units are cancelled at the prevailing unit price, at the time of coupon payments. The effective unit price of total units cancelled was c.€0.80 (i.e. €75,867/95,292 units) | | | |

5. Pension Policyholders

Coupon payments for the Fund's pension policyholders are invested in a Friends First cash fund (which can increase and decrease in value) on behalf of pension policyholders. This forms part of the value of the pension policyholders' investments. During 2016, May 2017 and January 2018 we wrote to pension policyholders giving them the opportunity to reallocate the cash element of their policy to another Friends First fund.

The unit price for pension policyholders is currently €0.87.

6. Conclusion

As set out in the product documentation, this is a closed ended fund and policyholders cannot withdraw their investment before the liquidation date of the Fund. The liquidation of the Fund will not take place until the underlying structure has been completely unwound, and all final proceeds have been distributed.

The information on this document does not constitute investment advice. It does not take into account the investment objectives, financial position or needs of any particular investor. Before making any investment decisions, you should consult suitably qualified and independent investment, taxation and regulatory advisors to discuss your specific situation and investment objectives.

Warning: Past performance is not a reliable guide to future performance.

Warning: The value of your investment may go down as well as up.