

Irish Property Fund

Information is correct as at the 31st December 2011

How the Fund Works

This is an actively managed property fund, which aims to give members access to Irish commercial property.

Investment Objective

The fund gives investors access to the long-term growth potential of Irish commercial property. The fund does not invest in residential property. We actively manage our portfolio of approximately 50 prime commercial properties to generate a blend of rental income and capital growth.

It is suited to investors who want higher growth potential than deposit accounts can offer over the long-term but with a lower risk profile than equities.

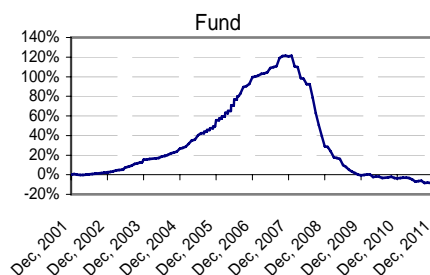
How the Fund Operates

The fund is invested in a well diversified spread of commercial property 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.

Sector Split

| Year | Weighting % |
|------------|-------------|
| Office | 53% |
| Retail | 38% |
| Industrial | 9% |

Performance



| Year | Irish Property Fund |
|---------------|---------------------|
| 1 Year | -6.1% |
| 3 Year %p.a. | -11.2% |
| 5 Year %p.a. | -14.6% |
| 10 Year %p.a. | -1.0% |

Returns are quoted net of fees. The annual management charge is 0.375%. The bid/offer spread is 3%.

Market Commentary

The property investment market in Ireland was on hold during 2011, substantially due to the risk of political interference in landlord and tenant contract law. With no liquidity in the market, capital values have fallen further. This is due to rental values across all sectors reducing in response to weakness in the wider economy, and yields increasing over the second half of the year as valuers reflected negative investor sentiment arising from wider domestic and Eurozone problems. Underlying capital values on average fell by approximately 15% over the year, however this was offset in part by the reduction in stamp duty of 4% in the budget, giving an effective fall in value of approximately 11%. With a high income return running at c. 9%, the average total return for property is estimated at -2% for the year.

Property returns will continue to be supported by income return which is currently running at 9%. The removal of the uncertainty regarding upwards only rent reviews should herald a pick up in the level of investment activity. We expect to see rental levels stabilise for good quality offices in 2012 however a negative outlook for older poorer specification offices. Retail rental levels will continue to be under pressure as the consumer is faced with the results of the recent Budget.

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. The performance of contributions in any given year will depend on both the frequency and the duration of the contributions. This fund may be affected by changes in currency exchange rates. Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. If you invest in this fund you may lose some or all of the money you invest.



Irish Life
Investment Managers