

# Property Portfolio Fund

Information is correct as at the 31st December 2011

Volatility/Risk



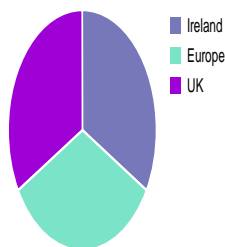
## How the Fund Works

The Property Portfolio Fund aims to give access to commercial property investments across a wide range of property markets. This allows an individual investor exposure to the performance of a range of properties not usually available to private investors.

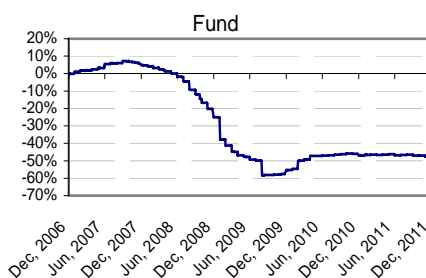
The Property Portfolio Fund will invest in a mix of direct and indirect property investments. The indirect property investments will be used to give the fund access to top quality property investments in overseas markets. This fund invests in a wide range of commercial property investments which currently includes the Irish, UK and European markets. Initially around one third will be invested by Irish Life in Irish Property; one third through Irish Life's UK Property Fund and the remainder will be invested in European property.

**The return of this fund since launch (28th March 2006) is -8.76%p.a.**

## Country Distribution



## Performance



Period	Return
1 Year	-0.34% p.a.
YTD	-0.34%
3 Year	-10.91% p.a.
5 Year	-11.94% p.a.

The figures quoted are before tax and after management charges. Source: Irish Life.

## Market Commentary

**Europe** – Given current Euro economic conditions the outlook for property is uncertain. However, the market expects occupier markets which had broadly been on a cautious recovery path to weaker reflecting reduced economic prospects. However unlike other period of economic slowdown core markets typically have low levels of pipeline which should dampen the impact. Performance prospects between Northern and Southern Europe are expected to remain quite substantial. Prime pricing is expected to remain very expensive as long as the uncertainty lasts. In contrast, investment demand for secondary assets is likely to continue to be even more subdued with values likely to come under downward pressure.

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.

Capital value growth rates fell further in the **UK** and in terms of sector; commercial offices decreased marginally on the previous month providing a return of 0.7%, with retail at 0.2% and industrial turning negative at -0.2%. In general, any potential capital growth on property being driven by positive yield movements was offset by the overall impact of negative or depreciating rental levels. With an uncertain outlook over the short term, we expect further declines in capital value levels with upward pressure on yields driven by poor tenant performance – more notable in the retail sector. Any capital growth levels will primarily be driven by secure medium/long term income.

**Warning: The value of your investment may go down as well as up. This fund may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.**



**Irish Life**  
Investment Managers