

Quarterly Report Q4 2025 Irish Property Fund

THE INVESTMENT MARKET

The economic environment gradually improved over 2025. Momentum slowly developed through the year, and this transactional activity has provided investor confidence on asset pricing.

Total investment volumes reached approximately €2.44 billion across a range of sectors. While this level of activity remained below long-term averages and broadly in line with 2024 levels, the increasing activity in the closing months of the year signalled the return of some competitive tension to different parts of the market. International capital remained an important driver of activity across all sectors. Debt markets also enhanced the availability of capital in the investment market, helping transaction momentum.

Investment yields across the major sectors remained broadly static over the past 12 months. This yield and pricing stability has provided investors with confidence to price assets in investment transactions. Notably, capital values in the office market (which tends to represent a large part of the investment market) stabilised compared with previous years for higher-specification and well-located buildings. This has been welcomed after a prolonged correction. Growth was recorded across pockets of the retail sector (mostly the retail park sub-sector, which witnessed a high level of investment activity) and across the industrial/logistics sector.

In the office market, total investment volumes reached approximately €638 million across 31 transactions, a modest increase on 2024 levels but well below long-term averages. The bulk of office investment activity in 2025 was concentrated in smaller and secondary transactions, and it was the French investors that were the most active in this sector. Despite the continued absence of large transactions (€100m+), sentiment across the office investment market improved to a degree in 2025 with the transactions involving the sale of 20 Kildare Street and 10 Hanover Quay. These were notable in that they were the first prime core office transactions in some time.

The retail investment sector performed strongly in Ireland during 2025, accounting for a third of investment volumes, with €753m across 38 transactions. Most investment activity focused on the retail park sub-sector. The US REIT Realty Income acquired two portfolios of retail parks for approximately €220m and €124m respectively. The retail park sector is associated with those large box units typically located in the suburbs that, in accordance with planning conditions tend to sell “bulky goods” (mostly products that correlate with the housing market -- furniture, carpets and white goods, for example). In periods where the housing market is strong, retail parks tend to perform well. Also notably, the sale of Jervis Shopping Centre in Dublin city centre progressed in 2025 but had not closed by year-end.

While the total value of investment deals in the industrial sector reached €248m, the decline on 2024 activity was a result of the low supply of investment product on the market. Three large portfolio sales were placed on the market towards the end of 2025: the most notable is the proposed sale of a €500m portfolio by Henderson Park (an international investor), and it is reported that GIC (the Singapore sovereign wealth fund) is in advance talks to purchase this.

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Office



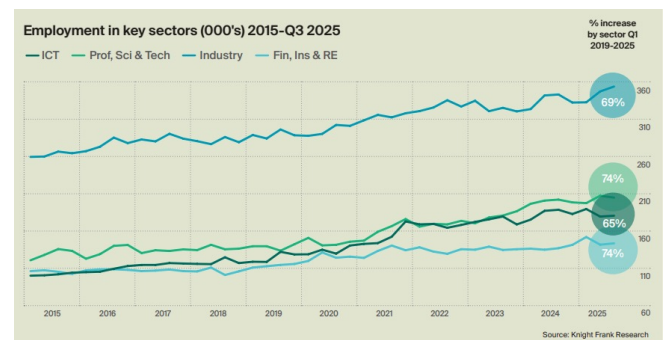
The office leasing market gained significant momentum in 2025, with 2.67m square feet leased across 209 transactions, making it the most active year for both take-up and deal count since 2019. It was also the first year since the pandemic to outperform the period directly preceding the pre-pandemic years, highlighting the current growing depth of occupier demand. Office occupiers look to have assimilated more modern, hybrid working practices, and now look to be more confident to plan for future space requirements.

Deal sizes have remained weighted towards smaller requirements (with 72% of transactions below 10,000 square feet). This is really a return to pre-2016 conditions, where the average size of lettings was in the range. There was a period pre-Covid-19 where very large floor plates were in demand, mainly by technical and professional services companies. There is still some demand for this size of product, but it is less frequent.

Leasing activity was anchored by several high-profile transactions, most notably Workday's 416,000 square foot letting at College Square (a newly constructed office building on the site of the former Screen Cinema, adjacent to Trinity College, Dublin 2). Other significant office letting deals were contracted with Deloitte, Aer Lingus and AIB. By sector, TMT (technology, media and telecommunications) occupiers accounted for 32% of take-up, while professional services represented 20% of activity.

Dublin's office stock amounts to approximately 50 million square feet, with vacant space of 6.53m square feet, equating to a vacancy rate of 13.1%. The vacancy rate reduced over 2025 from 15.8% a year earlier (source: JLL). Excluding reserved space (parts of office buildings that are commercially agreed, but subject to completion of contractual documentation), the adjusted vacancy reduced to 12% at year-end 2025. The most pronounced tightening occurred in the higher-specification buildings with stronger locations (what we call Grade A-specification buildings). It is reported that in this Grade A subsector of the office letting market, vacancy is under 8%. It is also notable that this is close to the equilibrium in the market, where sufficient space is available for office users to accommodate expansion or contraction of operations, permitting office occupiers to move as required.

Rents for the higher-specification product are expected to grow into 2026 and possibly beyond that, based on strong demand for good product in good locations (Dublin 2 principally). One of the drivers of rental growth is the low supply of product, as few new buildings are under construction at this time. Knight Frank has estimated that of the buildings under construction due to be delivered over 2026 and 2027, 65% are already subject to lease agreements. Continued employment growth (the principal driver of the office occupational market) will extend pressure on office rents, and so it is expected that rents will rise in the near and medium term. Knight Frank has projected rents of €70 per square foot in 2026 and at higher levels for pre-letting agreements (where a commitment to lease a building is agreed in advance of construction completion).



The graph shows continued growth over several sectors from 2019 through 2025. ICT is Information, Communications and Technology.

Office values in 2025 reflected marginal yield-tightening at the prime end, based on the sales of 20 Kildare Street and 10 Hanover Quay (the two modern buildings that traded in mid-2025, previously referred to). The yield applied to the rental income reduces, producing increased values. However, a negative slide continued for older stock with poor income profiles (shorter remaining lease durations which can lead to vacancy in the building). This reflects the focus of the occupational market at present, which is heavily favouring prime space.

Retail



Occupier demand across the sector remained relatively robust throughout the year. Vacancy was tighter within the stronger retail parks and shopping centres in Dublin, both of which were supported by rising footfall. The shopping centres continue to refine the experience they provide to consumers. In recent years, the emphasis has been to develop experience-led retail, refinement of the food and beverage offers and, lastly, the development of leisure uses to promote footfall and enhance dwell time in the various schemes.

Retail schemes, particularly in the high street sub-sector, continue to have fairly short-term commitments on the tenant side, when the lease termination options (very typically after the first five years of the lease) are taken into account.

Valuations of retail property tracked transactional activity, resulting in some positive rental growth witnessed in retail parks and some prime shopping centres. Some moderate yield movement was also seen across some of the sub-sectors (mostly retail parks, based on the high level of activity in 2025).

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Industrial



Letting activity in the industrial sector totalled 2.8m square feet across 116 deals in 2025, and this was relatively consistent with the long-term trend. Activity was lower in 2024, but this was largely as a result of limited availability of suitable stock, as occupational demand remains robust in this sector. Competition for available space remains strong, particularly for smaller and mid-sized units (typically 20,000 to 50,000 square feet), reinforcing the depth of demand in the market.

Vacancy across the Dublin industrial market remains exceptionally tight, and generally ranges between 3% and 5%, and this is a little lower than market equilibrium (where sufficient latitude permits tenants to either grow or contract unit sizes, as operational needs adjust over time). This level of vacancy tends to result in rental

growth, and this has been a consistent trend in the industrial occupational market in recent years.

Rental levels for modern, well-located assets are now at €13.50–€14.00 per square foot, and more bespoke offers (such as trade counters, which are quasi-retail/industrial units where, for example, builder’s products are displayed and sold), can reach levels of €18 per square foot in strong locations. Secondary product (well-located facilities that may be compromised in terms of specification (lower building heights, or lower environmental specification) are renting at relatively low discounts to the best product (at €12.50 to €13 per square foot), which clearly demonstrates the tight occupational market.

Outlook

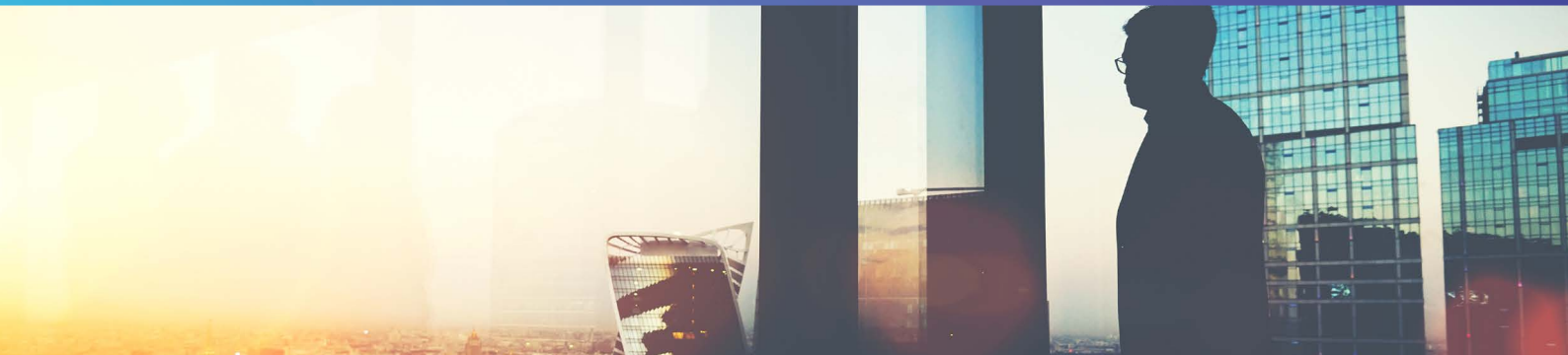
The view from CBRE research is that the investment demand is expected to continue to improve, based on increasing activity in core product. Prior to early 2025, most activity was more opportunistic (higher-risk and so higher-yielding assets, where asset management activity would be required to remedy various asset problems, such as vacancy and capital expenditure).

The successful sales of 20 Kildare Street and 10 Hanover Quay as well as the sales of the retail parks and marketing of the industrial portfolios (as set out in the Investment Market review) has likely provided confidence and momentum to core investors. The platform for this improved sentiment has been supported by the stabilisation of asset valuations, and the relatively steady sentiment around interest rates (and this is vital in the real estate investment market, where typically debt financing is an important consideration in asset purchases).

Generally, with many of the sectors, the cost of construction and the inefficient planning system in the various municipalities makes it difficult to quickly produce new product, and that is expected to tighten leasing tension in both the office and industrial sectors.

In the occupational market, the office sector is expected to continue to tighten, based on the dearth of supply of high-quality product in Dublin 2. It is also thought that areas of the city with lower demand (Dublin 1 for example) may benefit from the tight supply in Dublin 2.

The retail occupational market is expected to continue to experience relatively low vacancy in the stronger schemes and on the stronger high streets. Retail Parks should continue to prosper based on the strong correlation with the housing market. The fundamentals driving the industrial market are expected to continue.



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FUND STATISTICS

Total returns	
Q4 2025	+0.58%
1 Year	+3.88%
3 Years (annualised)	-2.29%
5 Years (annualised)	+0.43%
10 Years (annualised)	+2.4%

	Income yield	Reversionary yield
Office	4.9%	8.5%
Retail	7.1%	7.3%
Industrial	3.2%	6.5%
Portfolio	5.2%	8.1%

Source: Irish Life Investment Managers. Data is accurate as at end of quarter four (31 December 2025). The pricing basis of the fund changed in January 2020 from acquisition to disposal basis.

Income yield is the relationship between the current rent and the portfolio values. Reversionary yield is the relationship between the market rent and the portfolio values. The higher reversionary yield implies rental growth potential, particularly in the office and industrial sectors. Data is accurate as at end of quarter four (31 December 2025).

THE PORTFOLIO

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85
BUILDINGS

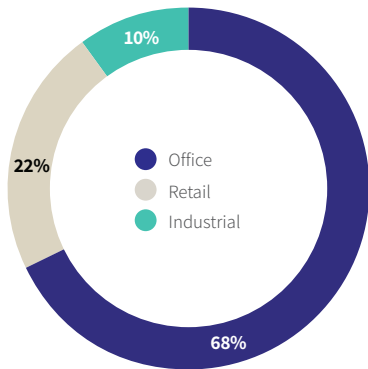


450
TENANCIES
(APPROX)

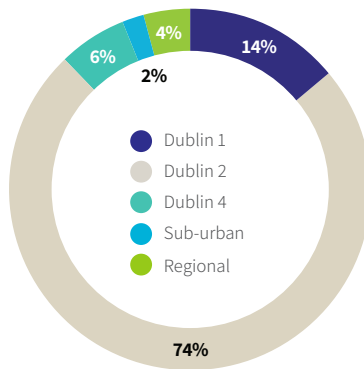
+0.58%
TOTAL Q4
RETURNS (GROSS)

Source: Irish Life Investment Managers. Data is accurate as at end of quarter four (31 December 2025).

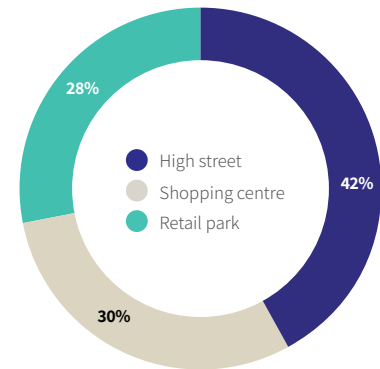
Sector Weightings:



Office Sub-Sector Weightings:



Retail Sub-Sector Weightings:



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FUND ACTIVITY

In mid-2025, the Pension and Modules Fund portfolios were merged to provide a more diverse set of assets and income streams to the investors in both funds.

The combined value of the portfolio was at €1.35bn at the end of 2025. This is composed of 85 individual properties and over 450 independent income streams across many different industries totalling approximately €70m per annum at this time. This income is projected to grow to over €90m when tenant incentives expire (these are mostly rent-free periods granted to tenants at lease commencement).

The Modules and Pension Funds are now both invested into this enlarged portfolio and enjoy the benefits of the diversification it brings to the income streams (increasing diversification tends to lower the risk).

As the investment objectives align, this portfolio merger permits added focus to asset management activities and helps in the implementation of strategic initiatives that will position the portfolio to perform strongly into the future.

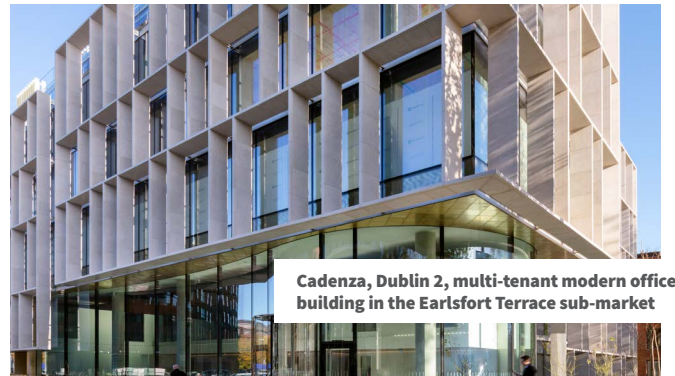
One specific benefit to the Modules Fund is the addition of a number of both newly developed assets and further redevelopment opportunities on sites with excellent locations. The redevelopment program that is ongoing has already added the following upgrades:

- > **1 Georges Quay**, on the south docklands in Dublin 2 (a 127,600 square foot redeveloped building with a strong rent-roll).
- > **Cadenza in Earlsfort Terrace in Dublin 2**, a 113,000 square foot newly constructed office building completed in 2022, tenanted by KKR, Intercom and Eversheds solicitors.
- > **13-18 City Quay**, a 117,000 square foot office building located on the south docklands in Dublin 2, newly constructed in 2018, currently the HQ of Grant Thornton's Irish operations.
- > **The Frame**, at the junction of Baggot Street and the Grand Canal in Dublin 2, is a newly constructed 50,000 square foot office building. The new tenant (Marsh McLennan) is fitting out and preparing to occupy this on a long lease.

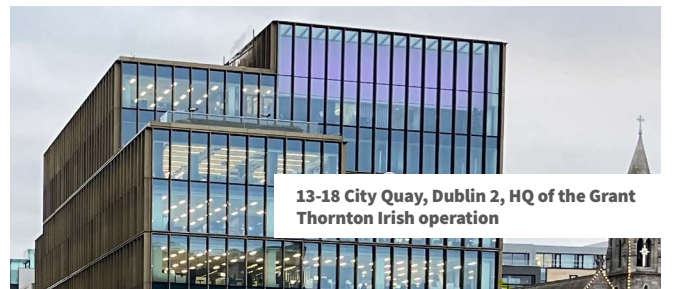
Two further large developments, also both in Dublin 2, (**1 Adelaide Road**, 150,000 square feet already under construction and pre-leased to Deloitte, and **Stephen Court**, 140,000 square feet, due to begin construction later in 2026).

The introduction of buildings of this calibre equips the combined portfolio with modern office facilities, tailored to service the office needs of the Dublin office market.

Further benefits are the introduction of strong pools of assets in the retail and logistics sectors.



Cadenza, Dublin 2, multi-tenant modern office building in the Earlsfort Terrace sub-market



13-18 City Quay, Dublin 2, HQ of the Grant Thornton Irish operation

PORTFOLIO ACTIVITY

Letting activity in the industrial sector was positive in 2025, with new lettings in Aerodrome Business Park, Burton Hall in Sandyford and in unit 3, Belgard Logistics Park. As referred to in the market section, strong occupational demand in this sector is providing good opportunities for good product. Prospects for additional refurbishment projects are present in the industrial stock, and it is planned to activate several projects over 2026 & 2027. The advantage of refurbishment projects (over new redevelopments) is that the time to project completion is much shorter (many don't require planning permission), so the lead in time to rent commencement is considerably shorter.

The retail portfolio has low vacancy and is performing well. The retail parks in particular are performing well, supported by the strong housing market.



Unit 3, Belgard Logistics Park: leased to AA Ireland in Q4 2025

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