



Geared Property Update

Axis Parc Life Fund



Irish Life

1. About the Axis Parc Property

Axis Parc is an office park located in 1435 Mont-Saint-Guibert, which is situated in the south eastern periphery of Brussels, beside the university town of Louvain-La-Neuve and in the heart of the Province du Brabant Wallon. The subject property investment comprises three separate self-contained office buildings completed in 2005, with a total area of 10,630m² and 327 parking spaces. These are three of a total of nine similar office blocks (totalling 30,000m²) clustered in the office area of the park.

2. Performance of the Axis Parc Life Fund

Property Valuation – June 2011

This property was purchased in 2007 for €23.65m (plus costs). The value of the property has increased by 0.39% to €23.01m in the six months to 30th June 2011.

Fund Return (unit price movements)

From 1st January 2011 to 30th June 2011

This valuation and all other factors contributing to the return on the fund such as the outstanding loan balance (€15.79 million), loan interest expense, fund costs, tax, rental income and fund management charge has resulted in the value of the units in the fund rising from 0.739 to 0.857 since the last valuation date i.e. 1st January to 30th June 2011.

From May 2007 (launch date) to 30th June 2011

The value of units in the fund have fallen 14.3% from launch in May 2007 to 30th June 2011.

The value of your plan is in your annual benefit statement and is the current guide value. This guide value also reflects any movements in the fund since the 30th June 2011. Exit restrictions apply to this fund.

3. Factors impacting the performance of the fund

Source: Irish Life

Market Overview

The performance and forecast of the Belgian economy continue to improve at a modest rate. GDP is expected to grow by 2.3% in 2011 up from 2.3% in 2010 with GDP growth forecast to reach 1.8% in 2012. Overall the growth in Belgium is expected to be above Euro area growth. The unemployment was 8.3% in 2010 but is expected to fall to 7.8% in 2011 and 7.2% in 2012. This equates to employment growth of 1.3% in 2011 and 0.6% in 2012. Belgian inflation rose higher than anywhere else in the Euro zone due to its higher sensitivity to energy price movements.

Office demand in the current market is reported to be slowly increasing but the market is suffering from a lack of larger transactions (above 5,000 square metres) and the majority of letting activity is made up of small transactions. Of interest is that some SMEs have entered into a growth phase but this accounts for a small percentage of the overall market activity. The public sector remains largely absent from the market accounting for only 6% of the total take up. Occupiers with lease expiries, or breaks remain determined to take advantage of favourable lease terms on offer.

Property Update

The buildings that make up this investment property (buildings A, B and C) are located in a high profile location within Axis Parc and are almost fully let. One of the buildings, building C, has a small amount of vacancy equating to less than 1% of the total space of the three buildings in this investment (this is down from 4% in June 2010 due to active asset management). Considering that the vacancy rate in Brussels is currently over 11.3%

and 10.2% in the Walloon Brabant area, this vacancy level is excellent. The subject property is likely to experience a higher level of competition from the launch of the adjoining second phase of office development within Axis Parc. As a result of this it cannot be ruled out that rental levels and additional tenant incentives may come under further pressure.

For the moment the majority of the existing tenants appear to be happy with their leases and the office park itself.

The service centre (opened in 2010) is reported to have had a positive impact on the larger Axis Parc area and this is seen as an advantage by both existing and potential tenants for Axis Parc.

Rental payments continue to be made in a timely manner from the tenants and loan interest payments are being met.

With regard to loan on the property, the amount outstanding in June 2011 has fallen to €15,791,057. The current loan to value (LTV) of the property is 68.6%.

4. Looking Ahead

- The 3 buildings are multi-let to a number of tenants with total vacancy in the 3 buildings at 1% which is significantly below the Brussels vacancy rate of over 11.3% and the 10.2% vacancy rate in the Brabant Wallon District.
- The leases to the various tenants are standard leases of nine years with lease breaks in years three and six or just year six.
- The leases do not provide for rent reviews but the rent is reviewed annually in line with the Health Index.
- The strategy for the property is to continue to monitor the property and keep in regular contact with the tenants to avoid them exercising any break options.
- The key focus is to keep the vacancy level low, preserve the rental income levels and continue to pay down the debt.

5. Keeping you up-to-date on your fund

Property valuations are completed in June and December each year. This property update reflects the last property valuation as at 30th June 2011. The accompanying benefit statement reflects an up-to-date value of your investment.

You can call your adviser or contact our Geared Property Services Team on 01 704 1831 to get an up-to-date value at any stage on your investment.

In the interest of customer service, we will record or monitor calls.

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

Past performance is not a reliable guide to future performance.

The information provided is a guide only and may be subject to change.

The valuation details regarding the asset(s) in question are confidential and should be considered price sensitive information.

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