



Geared Property Update - Eastpoint Fund – H1 2013

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1. About the Eastpoint Property

The property comprises a three storey office building extending to 2,848m² (30,655 ft²) of office accommodation with 40 surface level car parking spaces. The building is currently vacant having been vacated by Eircom in March 2013.

2. Performance of the Eastpoint Fund

Property Valuation – June 2013

This property was purchased in 2003 for €10.08m (plus costs). The value of the property has decreased by 17.24% to €2.4m in the six months to June 2013. See section 4 for further details on the valuation of the property.

Negative Net Asset Value of Fund

The current guide value of your Eastpoint policy is €0.00 because the net asset value of the fund is negative. The loan for the Eastpoint (B2) property, (€6.369 million) is significantly in excess of the property value (€2.4 million), this and all other contributing factors has resulted in the fund having negative equity and your policy having no current value.

Please note that this negative equity will need to be recovered before the net asset value of the fund increases to a positive value and before the plan will be valued at greater than €0.00. As you're aware, the Eastpoint Fund is a closed fund and investors cannot exit until maturity. When the fund matures, investors will receive a maturity value based on the sale price achieved at the time.

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 30 June 2013.

3. Loan Maturity

The loan on this property is held with permanent tsb and matured in December 2012. The amount outstanding on the loan in June 2013 was €6.369 million. The loan to value (LTV) ratio of the property is currently 265%.

Extensive discussions have been held with the bank and the bank granted a short term extension to the loan while they considered their position. The bank has now formally instructed that the property be sold. It is expected that the bank will receive whatever proceeds are achieved as a result of the sale.

As explained in the terms and conditions, when the geared pension property fund ceases, the value of the fund will be the amount received from the sale of the fund assets less any outstanding balance on the loan of the fund. In this case, given the current property value and expected sale price, the net asset value of the fund will remain negative resulting in a closing value of your fund of €0.00.

4. Factors impacting the performance of the fund

Source: Irish Life

Market Overview

The Irish commercial property investment market has experienced a significant improvement in transactional activity over the first 6 months of the year. This has been driven by investor demand for prime Dublin city centre offices and an improvement in the supply of properties brought to the market, as the banks and NAMA have commenced unwinding their exposure to the sector. This has not extended to secondary properties, or suburban and regional office markets as concerns over high vacancy rates and rental prospects persist.

The overall Dublin office vacancy rate remains stubbornly high at 19% but the Dublin CBD has seen grade A office vacancy fall to c.5% driven by take up by foreign direct investment companies and the wider business services sector. Prospects for rental growth are good, however due to current levels of over renting this will have limited impact on rents receivable for most leased investment properties. In relation to older/secondary and suburban offices, it is expected that these will continue to underperform in the short/medium term.

Property Update

As previously reported, the tenant vacated the entire building in March this year. At the request of ptsb, the appointed agent on the property provided detailed investment advice on the best strategy for the asset. Ptsb have now taken the decision to sell the property.

It is worth pointing out that even if a successful letting of the building was to be achieved, this would require significant capital expenditure on the building to bring it to a lettable standard for any prospective tenant. The costs associated with such building improvements along with the potential rent

and type of lease achievable in the current market would not increase the value of the property to such a level that will exceed the existing loan.

We will keep you informed of the sales process in due course.

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 30 June 2013. 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. 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.