

Eurozone Property Fund

There is much discussion about the opportunities afforded by investing in eurozone property.

Investing directly in property abroad carries inherent risks. How do you choose the right property in the right location?

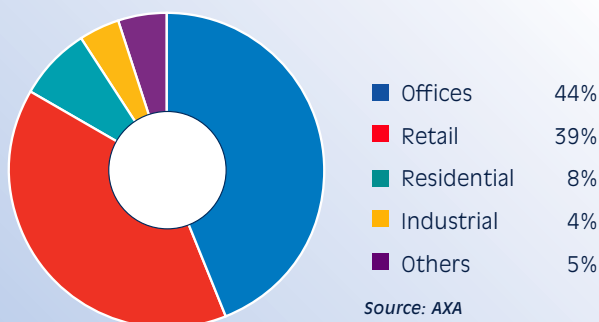
Diversifying your property investment is key to reducing your risk, while also increasing your liquidity.

Investment Objective

Eagle Star's unit-linked property fund, the Eurozone Property Fund, which is part of our Matrix range of funds, is designed to track the performance of the European Public Real Estate Association (EPRA) Eurozone Index.

By investing in some of Europe's leading listed property companies, the fund provides real diversification in eurozone property covering the main property sectors. Offices and Retail currently make up the majority of the fund, see the chart below.

EPRA Eurozone Index - Sector Breakdown (%)
(as at 31/12/2004)



Due to the concentrated nature of the EPRA Eurozone Index (the top five stocks make up some 50% of the index), the fund has an increased stock specific risk over typical equity funds.



Why invest in the Eagle Star Eurozone Property Fund

- ❑ The fund gives you the opportunity to invest in a diversified portfolio of listed eurozone property companies.
- ❑ Due to the diversified nature of the fund and its liquidity, your investment has a lower risk profile than direct property investment.
- ❑ Low entry and exit charges – charges are the same as the charges on other funds managed by Eagle Star.
- ❑ The fund offers access to the real estate sector without incurring large costs.
- ❑ The fund gives you the ability to construct a diversified portfolio by combining investment in this new fund with investments in other Matrix funds.

Online fund information

- ❑ Monitor your investment in the Eurozone Property Fund through our online facility, www.eaglestarlife.ie.
- ❑ Regular investment bulletins available online.

Would this fund suit me?

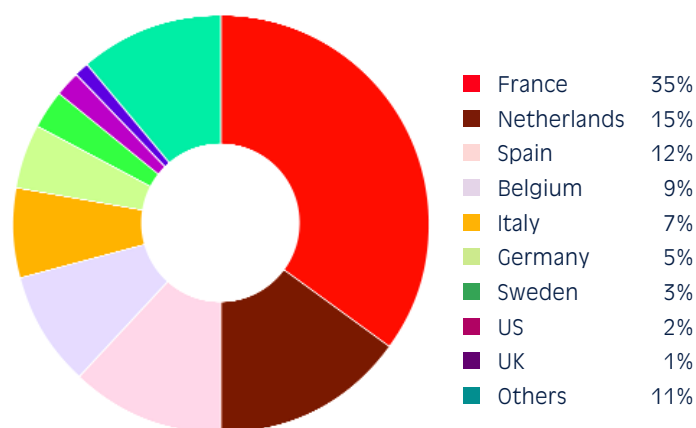
This fund will suit both institutional and retail investors who wish to gain exposure to eurozone property:

- without incurring large costs;
- without property/country/company specific knowledge;
- with real liquidity.

This fund is designed for investors who seek a long term return on capital invested and are willing to accept the risks inherent in the volatility of property related investments.

The chart below shows the breakdown by country, within the index. This chart is based on actual real estate inventory of each company included in the index. Note that while all the companies are listed on a eurozone stock exchange, they may have holdings of real estate outside the eurozone.

Distribution of Holdings by Country in the EPRA Eurozone Index (%) (as at 31/12/2004)



Source: AXA

It is recommended that you invest in this fund as part of a diversified portfolio.

How does the Eagle Star Eurozone Property Fund work?

The Eagle Star unit-linked Eurozone Property Fund currently invests in an investment vehicle called the Easy ETF EPRA Eurozone. This is an exchange traded fund (ETF) managed by AXA Investment Managers, designed to track the performance of the EPRA Eurozone Index. Eagle Star may use other vehicles in the future if it considers them to be more effective.

The constituent stocks and their weights within the EPRA Eurozone Index are constantly changing. AXA Investment Managers ensure as far as practicable that the Easy ETF EPRA Eurozone follows the performance of the EPRA Eurozone Index. Dividends which accrue to the ETF are distributed and will be reinvested in the fund by Eagle Star.

There is no guarantee that your investment will mirror the EPRA Eurozone Index as there will be differences due to the reinvestment of dividends and a time-lag while changes in the index are being reflected.

What is the EPRA Eurozone Index?

The EPRA Eurozone Index is an index on real estate created by the European Public Real Estate Association (EPRA). EPRA is a common interest group, which aims to promote, develop and represent the European Public Real Estate sector. The EPRA Eurozone Index was launched in 2000. Containing approximately 100 public quoted real estate companies, the EPRA Eurozone Index has been designed to provide an objective and representative benchmark for the real estate industry in the eurozone.

The index only includes securities traded within the eurozone and each security must be a closed-end company listed on an official eurozone stock exchange in order to qualify for inclusion. Furthermore, companies must derive a specified percentage of their earnings from relevant real estate activities, defined by the EPRA as the ownership, trading and development of income-producing real estate.

The EPRA Eurozone Index forms part of the FTSE EPRA/NAREIT Index Series. It carries FTSE's hallmark design and calculation features. FTSE Group is a world-leader in the creation and management of indices.

Investment charges

The charges associated with an investment in the Eagle Star Eurozone Property Fund will vary with the type of investment product you choose to gain access to the fund. The charges will be the same competitive charges as those on the other funds managed by Eagle Star for the product you choose. Your Broker or Financial Advisor will inform you of the charges applying to the product in which you are investing. This fund is available for pensions and investments.



Diversification



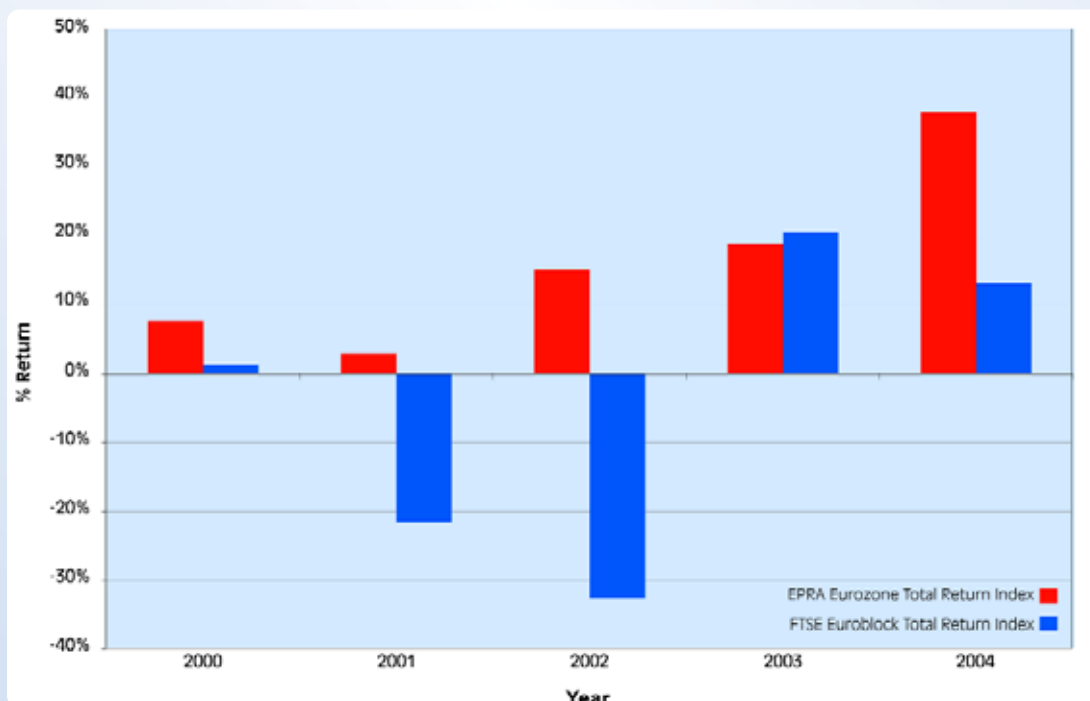
The Matrix range of funds from Eagle Star provides you with the facility to diversify your investment portfolio.

Different asset classes tend to perform well in different market conditions. This is why diversification is one of the most important tools available to reduce overall risk within a portfolio.

By combining different asset classes, you can offset some of the risks that each investment carries on its own, while enjoying the advantages and benefits of each.

The diagram below compares the returns on the EPRA Eurozone Total Return Index (real estate equity) with returns on the FTSE Euroblock Total Return Index (general equity). The fact that real estate and general equity returns have diverged over this period reinforces the benefits of both asset classes in a well diversified investment strategy.

Annual Investment Performance EPRA Eurozone Total Return Index and FTSE Euroblock Total Return Index
(from 03/01/00 to 01/01/05)



Source: AXA/Eagle Star. The returns shown represent the total return on an investment in the portfolio of shares within the relevant index including gross reinvested dividends. They do not represent the returns which would have been achieved on an investment in the Eagle Star Eurozone Property Fund as not all withholding taxes on dividends can be reclaimed and as the performance of the Easy ETF EPRA Eurozone will not exactly match the performance of the EPRA Eurozone Index. Past performance may not be a reliable guide to future investment returns, which are dependent on future investment conditions. Investing in the shares of companies that trade in property may not reflect the same performance as investing in property directly.

If you want a diversified investment with access to the potential returns that eurozone property has to offer, simply contact your Broker or Financial Advisor for more information.



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