PERFORMANCE REPORT 30 JUNE 2011

Geared Property Update

Syndicated Property Fund 1 (Eastpoint P2)

Irish Life

1. About the Eastpoint P2 Property

The property comprises a four-storey modern office building, which is part of the second phase of the Eastpoint Business Park. It extends to 4,647sq.metres with parking for 71 cars. It has raised access floors, suspended ceilings, air conditioning and two 8 person passenger lifts.

The entire property is let to NTL (now trading as UPC) on a 25-year full repairing and insuring lease from 5th December 2000. The tenant has an option to break the lease in December 2015.

2. Performance of the Syndicated Property Fund 1 (Eastpoint P2)

As outlined in previous communications, the Syndicated Property Fund 1 reached its maturity date on the 31st July 2007. Under the terms and conditions of the investment, we were obliged to put the property up for sale in order to be in a position to pay the fund value to investors within six months of the maturity date. Unfortunately, the property did not attract a buyer during the required timeframe and Irish Life agreed to hold the property and give investors the option of either cashing in their investment (based on a current value of the property) or remaining in the fund until Irish Life disposed of the property in the future. This option is still available to investors. The property in the fund is being valued on a monthly basis to ensure that any investors wishing to exit the fund receive an up-to-date valuation.

Property Valuation – June 2011

As mentioned above, the Syndicated Property Fund 1 (Eastpoint P2) is valued on a monthly basis. The value of the property has decreased by 10.18% to €7.5m in the six months to June 2011. This was due to a reduction in the valuers opinion of rental value along with an increase in the yield reflecting the weak occupational market and high vacancy rate in this location. See section 3 for further details on the valuation of the property.

Fund Return (unit price movements)

From 1st July 2010 to 30th June 2011

This valuation and all other factors contributing to the return on the fund such as the outstanding loan balance (€6.8m), loan interest expense, fund costs, rental income and fund management charge has resulted in the value of the units in the fund falling from 0.168 to 0.108 since the last valuation date i.e. 1st January 2011 to 30th June 2011.

From June 2000 (launch date) to 30th June 2011

The value of units in the fund have fallen 91.14% from launch in June 2000 to 30th June 2011.

Net Asset Value of Fund

As the net asset value of the fund is close to zero and could become negative, there may be a possibility that the current guide value of your policy could move to zero in the future. An example of how this could happen would be a further reduction in the value of the property. As the debt is on a non-recourse basis, the fund would be valued at nil in this eventuality.

If this occurs, negative equity will need to be recovered before the net asset value of the fund increases to a positive value and before the policy will be valued at greater than €0.00. As you're aware, the Syndicated Property Fund 1 (Eastpoint P2) investors have the option of either cashing in their investment (based on a current value of the property) or remaining in the fund until Irish Life disposed of the property in the future. 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 30th June 2011.

3. Factors impacting the performance of the fund

Source: Irish Life

Market Overview

The SCS/IPD Index is expected to report a decline in capital values of -6.5% for the first half of 2011. This decline brings the fall from the market peak in December 2007 to c 64%. Declining rental values continue to be the major contributor to the capital value falls in all sectors, with difficult economic conditions impacting occupier demand and ability to pay rent, however some yield increase has been seen in selective properties.

The market continues to suffer from illiquidity and uncertainty around “Ireland Inc.” following the IMF/ECB bailout and the bank stress test announcement. The Government’s proposal to legislate to end upward only rent reviews for existing leases has generated increased uncertainty and deterred overseas investor interest. These factors add additional risk to current valuations. Valuers are typically highlighting the increased level of uncertainty in valuation reports but the nature and extent of any proposed legislation remains uncertain.

Transactional activity remains very low, with buyer activity limited to occupiers rather than investors. The vacancy rate in the Dublin office market will fall marginally from the high of 23% following the Google acquisition of the vacant 100,000 sq.ft Montevetro building in Dublin 4 and the two adjoining buildings which they occupy as tenant. Potential occupiers are encouraged to make relocation decisions, taking advantage of flexible lease terms and low rental levels.

Property Update

Eastpoint Business Park has further suffered in the 6 months to June 2011 with increased vacancy (currently over 30%) and more specifically a significant fall in rental values across the entire Dublin office sector. Currently there are lettings being agreed in Eastpoint with rents well below €10 psf as against the current rent in the P2 building which is approximately €20 psf.

As previously communicated to you, there remains no interest in the sale of this property at this time; however our asset managers will continue to monitor the market closely.

The outstanding assignment of the lease to UPC (NTL’s new parent company) has now been agreed and signed off by all parties.

The current value of the property as at June 2011 is €7.5m based on a yield of 8.08% and a market rent of €9 per sq ft. This valuation figure is likely to fall further in the short term as the tenant lease break option approaches in 2015.

With regard to the loan on the property, the amount outstanding in June 2011 is €6.8 million. The current loan to value (LTV) of the property stands at 91%. The original loan on this property matured in 2007 and moved to a variable rate after its maturity. An extension to the loan was agreed but at a higher margin of 3%. This extension matures in late 2011 and is currently the subject of further discussions with the lender.

4. Looking Ahead

- The asset management team are continuing to engage with the tenant regarding their future business and occupancy plans.

- We continue to build up cash in the fund and will make additional capital repayments on the loan.

- The tenant has the option to break the lease in December 2015. The closer we get to this date the more negative the impact on the property valuation.

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

Property valuations are completed on a monthly basis. 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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