

UK Commercial Property Market Commentary

July 2009

For Financial Advisers use only

UK Property Performance

Capital values in the UK commercial property market as measured by the IPD index fell by 12.4% from May 2008 to May 2009. Since the peak of the market in June 2007 there has been a 43.6% fall in capital values. The encouraging news this month is that after a 2.8% decline in March and a 2.1% drop in April the pace of decline continues to ease in May with the market falling by 1.5%.

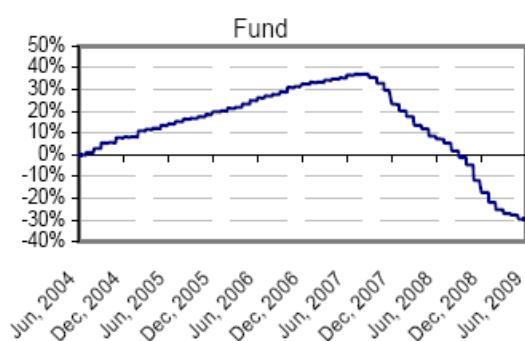
With the pace of decline slowing across certain sectors of the UK commercial property market, we are also seeing in the past number of weeks encouraging signs, with some recently released UK economic indicators turning positive. Although these indicators have been seen by many as an indication of the 'bottom' of the market, we do not believe the bottom is here just yet.

Overall, UK property now looks attractively valued on a long term basis. However, we believe there is still a risk of rents falling further than the market is currently pricing in. Accordingly, we believe for now a patient approach to re-entering the UK property market is justified.



UK Property Fund Update

The UK Property fund fell by 0.23% in June bringing the performance of the fund to -15.1% for the year. The pace of decline continues to ease, in the second quarter of 2009 the UK property fund fell by 3.79% which compares to an 11.8% fall in Q1 2009 and a 16.3% fall in Q4 2008.



Source : ILIM/MoneyMate. Returns above are after mgt charges

Year	UK Property Fund
2009 YTD	-15.1%
1 Year	-34.5%
3 Year %p.a.	-17.7%
5 Year %p.a.	-6.8%

The figures quoted are before tax and after management charges. Source: Irish Life.

Warning: Past Performance is not a reliable guide to future performance

The UK Property Fund

The UK Property Fund gives access to the UK commercial property market using a combination of direct and indirect investment strategies. There are 25 directly held properties in the fund located primarily in the South East of the UK.

Property in Focus

Address: Unit 1700, Aztec West, Bristol

Tenant: Coors Brewers Ltd

Lease: 35 years from September 1986 – there is approximately 12.3 years remaining on the lease. The lease is a full repairing and insuring.



Brief Description: The property was built in 1985 and comprises a warehouse and distribution unit situated on a large site of c4.7 acres.

Breaking News: In order to exploit the low site coverage Irish Life have engaged planning consultants to explore the potential of increasing the density on the site. We have recently submitted an application to the local planning authority for 'outline' planning permission for 150,000 sq ft of B1 (office) space on the site. Although it would not be the Fund's intention to develop the site when the market recovers, by obtaining a planning consent Irish Life is seeking to protect the long term value of the property.

In the current environment active property management is essential to position the fund for future growth.

Statistics on the UK Property Fund

Vacancy Rate versus IPD index	5.1% V 11% IPD
Average lease life across all properties	9 Years
Current yield	7%
Is the fund fully or partially currency hedged	Fully Hedged

The strong portfolio of prime properties within the fund is reflected through the low vacancy rate compared to the wider market

Source ILIM 1st July 2009

Important Information:

Customers must currently give 6 months notice to withdraw, or switch, any investment in our Property Funds. Property investments will fall as well as rise in value. Past performance is not a reliable guide to future performance. The views expressed in this document in relation to the market outlook for property are not forecasts, projections or guarantees of the future returns from our Property Funds. The returns on these funds will depend on the actual fund growth achieved in the future. Irish Life Assurance plc is regulated by the Financial Regulator



Irish Life