Geared Property Update

Eastpoint Pension Fund

Irish Life

1. About the Eastpoint Property

Completed in 1998, the property comprises a three storey office building extending to 2,848m^2 (30,655 sq ft) of office accommodation with 40 surface level car parking spaces. Originally part of the first phase of properties within Eastpoint Business Park, Block B2 has been finished to modern standards and incorporates raised access floors and air conditioning.

The entire building is let to Eircom on a 25 year full repairing and insuring lease from 1st April 1998 and is subject to a tenant break option in 2013.

2. Performance of the Eastpoint Pension Fund

Property Valuation – June 2011

This property was purchased in 2003 for €10.08m (plus costs). The value of the property has decreased by 6.84% to €3.557m in the six months to June 2011.

See section 3 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, (€6.7 million) is in excess of the property value (€3.557 million) and all other contributing factors to the return of the fund such as previous valuations, loan interest expense, fund costs, rental income and fund management charge have resulted in the fund having negative equity. However, as the debt is on a non-recourse basis, the fund is valued at nil.

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 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 c64%. 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.

We expect to see some further declines in rental and capital values this year as investment and economic risks persist.

Property Update

Eastpoint continued to suffer 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. A number of lettings have been agreed in Eastpoint in 2010 and 2011. However, rents achieved have been in the region of €8-10 psf as against the current rent in the B2 building which is approximately €22 psf.

The tenant has moved to its new HQ building near Dublin's new Heuston South Quarter. They have, as expected, indicated that they intend exercising the lease break option in Eastpoint in 2013. They have placed their leasehold interest in this property on the market but so far have been unsuccessful in finding an occupier. The asset management team are engaging directly with the tenant and the appointed letting agent on the letting strategy for the property. We have also served a schedule of dilapidations on the tenant requiring them to reinstate the property to its original configuration and remedy all disrepairs. There are a number of the tenant's employees still occupying the building and while indications were that the building would be vacant in its entirety in mid 2011, the tenant has delayed this further and it is now unclear precisely when the tenant will leave.

With regard to the loan on the property, the amount outstanding in June 2011 has fallen to €6.73 million as a result of capital repayments; however the current loan to value has increased to 189%. With the time period to the 2013 break getting closer, this will continue to have a negative impact on the valuation figure to the point where the building will be valued at no more than its "vacant possession" value.

4. Looking Ahead

- The initial expected maturity date for the fund was the latter half of 2010. As indicated in our last communication, given current market conditions and the lack of liquidity in the investment market, we do not believe now is the appropriate time to sell the property. The strategy of the asset management team is to continue to hold the property in the fund for the time being with the position being reviewed on an ongoing basis. The PTSB loan which matured in late 2010 was extended for a period of 2 years maturing in late 2012.

- The revised loan terms have allowed for higher capital repayments to be made given the overall interest rate is lower than was the case on the fixed loan. The strategy of the asset management team is to continue to build up a cash reserve so that at the expiry of the lease, we can carry out some refurbishment to the building and/or for the granting of a rent-free/incentive package to any potential new tenant or fund vacancy risk.

- Given the current property market environment, the tenant plans to vacate the building and the overall vacancy at Eastpoint at the moment, the prospects of a return to investors on this fund are very limited.

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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