

Geared Property Update

Tour Esplanade, Paris Life Fund



Irish Life

1. About the Tour Esplanade Property

Tour Esplanade is located in the west of Paris, in the “département” of Hauts de Seine (92), in the business district of La Défense. Tour Esplanade is a 36 storey office building providing 53,598m² of lettable area. Constructed in 1990 and refurbished in 2004-6, the building offers a number of amenities including conference facilities, 150 seat auditorium, 670 seat restaurant, sports centre and 251 private car parking spaces.

The property is entirely let to SFR under a 9-year term lease without a break that expires in December 2013. SFR are the second largest mobile phone operator in France and rated BBB+ by rating agency Fitch with a stable outlook (July 2010). SFR also owns 34.9% of Neuf Cegetel, the second largest fixed telecom operator in France. SFR is owned 56% by Vivendi and 44% by Vodafone. SFR (previously known as Cegetel) have been occupying the building as their global headquarters since 1996.

2. Performance of the Tour Esplanade Life Fund

Property Valuation – June 2011

This property was purchased in 2007 for €380m of which our share (18.21%) was €69.198m (plus costs). The property value has decreased by 6.43% in the six months to December 2010 (our share of the value of the property has decreased by 1.91% to €57.17million) as a result of an increase in the yield by 0.45% to 7.22%.

See section 3 for further details on the valuation of the property.

Fund Return (unit price movements)

From 1st January 2011 to 30th June 2011

This valuation and all other factors contributing to

the return on the fund such as the outstanding loan balance (€46.7m), loan interest expense, fund costs, tax, rental income and fund management charge* has resulted in the value of the units in the fund rising from 0.37 to 0.455 since the last valuation date i.e. 1st January 2011 to 30th June 2011.

From May 2007 (launch date) to 30th June 2011

The value of units in the fund has fallen 54.5% from launch in May 2007 to 30th June 2011.

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. Exit restrictions apply to this fund.

*As previously outlined, the fund management charge on your fund is 2.25% per annum of the net asset value. This includes a Tishman Speyer charge of 0.1% per annum on the gross property value (currently 0.58% of the net asset value), with the remainder (currently 1.67% of the net asset value) paid to Irish Life as a fund management charge.

3. Factors impacting the performance of the fund

Source: Irish Life

Market Overview

The economy in France grew by 1.5% in 2010, indicating the beginning of a new economic cycle. The outlook for the French economy remains positive with GDP growth at +1.6% expected by the end of 2011.

The Paris office market performed well over the first quarter of 2011 with a 21% rise in take-up compared to the same period in 2010.

The market is seeing a growing imbalance between available second hand and a limited availability of new space.

The increase in rental values in the prime sector that has been seen in recent months should continue while the supply of new space will become more scarce in the most sought after locations.

Investment demand remained strong in early 2011 with a 30% increase in commercial property investment compared with early 2010. Investors are concentrating on prime assets and values in the prime sector are close to levels seen before the crisis. However, prime yields are unlikely to decrease further in the short term due to the likely increases in interest rates.

Property Update

La Défense area is renowned for being one of the major markets for office property in the 'Ile de France' region, with a total office stock of about 3.345 million m². The Business district of La Défense extends over the three towns of Puteaux, Nanterre and Courbevoie and is enclosed by the ring road, the "Boulevard Circulaire". The area is well served by public transport services with train stations in the vicinity and major roads linking it to the international airport.

In La Défense, the average prime rent maintained its level of €541 during early 2011. This compares favourably to Tour Esplanade's rent. The Estimated Rental Value* (ERV) (currently at €500 per sqm) on Tour Esplanade remains higher than the current passing rent. The vacancy rate in La Defense has increased from 5.9% to 6.1%, but this is still at a very low level compared with international markets.

New or redeveloped products remain scarce (21% of premises) but there is evidence of a revival in future supply thanks to the start of new/redeveloped schemes and the planned

vacation of some large premises; the number of square metres under development at the end of the first quarter 2011 increased for the first time in two years. However, local agents believe the completion rate of these operations is likely to let the market absorb this new or redeveloped supply, leading to less risk of over-supply..

The current value of our share of the property as at June 2011 is €57.17 million based on a yield of 7.22% compared with 6.77% in December 2010.

With regard to the loan on the property, the amount outstanding of our share of the loan remains €46.7 million. The current loan to value (LTV) of the property is 82% vs 80% in December 2010.

* Estimated Rental Value (ERV) -The rent this property could command in the open market subject to the terms of this lease.

Rent Update

The rent on this property is indexed like many European properties. It is revised every January in line with the performance of the INSEE Construction Index.

As a result of positive indexation there was an increase in rent of 1.27% in January 2011.

Tenant Update

In September 2010 it was reported in the French press that the tenant, SFR, was in discussions for the acquisition of a large site in the St Denis area of Paris northern suburbs, this with a view to constructing a new Headquarter building to house all its operations. Our local property manager and co-investor, Tishman Speyer (TS), has engaged with SFR on this. SFR have prepared their building permit which was submitted in February this year. There have been further recent press reports that a developer has been appointed for the project. TS now feel there is a 70/30 chance that SFR will exercise its option to terminate the lease in

December 2013 and vacate the building. Given the amount of time required to achieve planning and construct a new building of the size required by SFR, the property manager feels it could be difficult to complete such a development by the time the SFR lease ends. To our advantage is the fact that there is not a lot of supply in La Defense office market at rents similar to the current rent. In accordance with standard lease terms, SFR must notify us by 30th June 2012 (18 months notice) if they intend to vacate the building. For the June valuation figure, the valuer has reflected the risk (currently 70/30) of the tenant leaving.

4. Looking Ahead

- Our local property manager and co-investor, Tishman Speyer, has a very close relationship and is actively engaging with the tenant.
- Tishman Speyer is protecting the downside of SFR vacating by actively looking for prospective tenants for the building now. It is felt that the timing of the SFR possible departure is not so detrimental as there will be limited delivery of new space in La Defense over the next few years.
- The asset management team continue to visit the property on an ongoing basis and it remains in good condition.
- The closer the 2013 break in the lease gets, the more negative affect this will have on the property valuation.
- The asset management team is holding quarterly conference calls with Tishman Speyer who are actively engaging with SFR and working on the marketing strategy of the building well in advance of SFR's potential departure.

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 questions are confidential and should be considered price sensitive information.

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