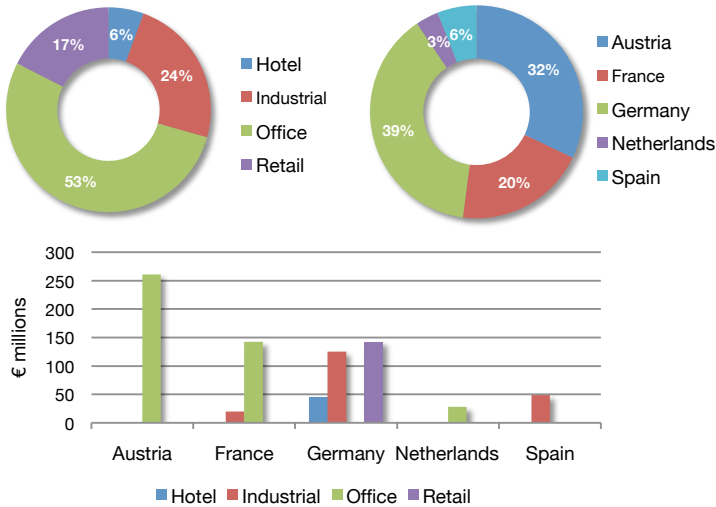


### Investment Objective

The Company's objective is to deliver attractive total returns from investment in European real estate with a strong income component. The company focuses on significant single properties or geographic concentrations where value enhancement can be achieved through strong asset management. The Company also seeks to provide a diversified exposure to European real estate with a focus on the property markets of the major stable western European economies.

### Property Portfolio

The MEREIT portfolio comprises 16 properties located throughout western Europe with a value of £625.4m as at 31 March 2008. This represents an uplift in value of £42.7m since 31 December 2007, predominantly resulting from further strengthening of the Euro over the quarter adding £43.1m to the sterling value of the portfolio. In addition, the like-for-like value of the property portfolio has fallen by £1.0m (0.2%).



### Net Asset Value

Unaudited net asset value per share ("NAV per share") has fallen by 10p (1.5%) over the quarter, bringing the NAV per share as at 31 March 2008 to 643p. This reduction, in the face of an increase in the gross asset value of the portfolio, is mainly due to downward movements in the value of derivative contracts.

Adjusted NAV per share, which assumes the sale of property vehicles rather than the underlying assets and is consistent with the basis detailed in the 2007 Annual Report, has fallen to 661p, a fall of 0.9% over the quarter.

	31 March 2008	31 December 2007
Basic	643p	653p
Adjusted (cum-div)	661p	667p
Adjusted (ex-div)	650p	657p

### Dividend & Financing

The Company's stated dividend policy is to make distributions to shareholders on a quarterly basis, and we are pleased to confirm the payment of the next interim dividend of 10.125p per share on 30 May 2008 in respect of the period from 31 December 2007 to 31 March 2008. This distribution remains in line with the stated target distribution.

Currently the portfolio is geared at circa 60% loan to value (LTV), compared with a weighted average portfolio LTV limit of 73.4%.

### Portfolio Activity

In a market where the drivers of performance will be active management and income growth, initiatives which enhance the value of assets and secure long term tenant commitments are essential. There has been considerable success in these asset management areas, as illustrated by the current 100% occupancy of the IZD Tower in Vienna and low vacancy rate of 1.2% across the portfolio as a whole.

Work continues on several projects to improve and extend existing properties in order to secure longer leases with existing tenants and create additional value.

### Fund Manager

Matrix Property Fund Management (Guernsey) Limited.

### Key Features

<b>Listing Date</b>	4 June 2007
<b>Structure</b>	Closed-ended investment company
<b>Domicile</b>	Guernsey
<b>Listing</b>	London Stock Exchange
<b>Shares in Issue</b>	38.5m
<b>Gearing</b>	circa 60%
<b>Distribution</b>	Quarterly
<b>Performance Fee</b>	20% of total shareholder return above 10% hurdle (subject to high watermark starting 31 Dec 2008)
<b>Property Sector</b>	All Commercial
<b>Geographical Region</b>	All Europe
<b>Fund Denomination</b>	Sterling
<b>Share Price at 31 March 2008</b>	454.50p (closing mid-market rate)
<b>Distribution Yield</b>	8.9% (based on above share price and 10.125p dividend per quarter)
<b>Valuations</b>	Quarterly

### Investment Adviser

Matrix Property Fund Management LLP  
One Jermyn Street  
London SW1Y 4UH

### Joint Financial Adviser & Joint Broker

Lehman Brothers International (Europe)  
25 Bank Street  
London E14 5LE

Cenkos Securities plc  
6.7.8 Tokenhouse Yard  
London EC2R 7AS

### Administrator

Investec Administration Services Ltd  
PO Box 52  
Investec House  
St. Peter Port  
Guernsey GY1 3RP

### Registrar

Computershare Investor Services (Channel Islands) Limited  
Ordnance House  
31 Pier Road  
St Helier  
Jersey JE4 8PW

Following the successful development and letting of the first office building at Montpellier, the Fund is shortly to enter into a commitment for the development of the second office building, once final building and planning consents are secured.

There have been no acquisitions or disposals this quarter.

### Property Portfolio & Gross Asset Values

Country	Property	Sector	Tenant	Dec-07 (€m)	Mar-08 (€m)	Proportion
Austria	IZD Tower, Wagramer Straße 19, 1220 Vienna	Office	Multi-let	261.0	261.0	32.1%
Germany	Europort, Kelsterbach	Industrial	Multi-let	125.3	125.3	15.4%
France	Rue de Perat, Saint Etienne	Office	Casino	87.1	87.1	10.7%
Germany	Stadtcenter, Düren	Retail	Multi-let	65.8	65.8	8.1%
Germany	228-230 Münstersraße, Dusseldorf	Hotel	Multi-let	45.4	45.4	5.6%
France	Plan du Bois, La Gaude, Nice	Office	IBM	39.3	39.3	4.8%
Germany	Fackelstraße 1/Kerstraße 12, Kaiserslautern	Retail	Multi-let	32.2	32.2	4.0%
Germany	York Centre, Münster	Retail	Multi-let	31.9	31.9	3.9%
Netherlands	Plesmanlaan 100, Leiden	Office	Multi-let	28.5	28.3	3.5%
France	2 Boulevard de L'Europe, Saint Laurent de Mure, Lyon	Industrial	La Poste	19.6	19.6	2.4%
Spain	Polígono Industrial Cerro de San Cristóbal, c/ Piritá esq c/ Aluminio, Valladolid	Industrial	Panrico	19.3	18.9	2.3%
France	Parc d'Activités J. Mermoz, Montpellier	Office	Groupama	15.3	16.3	2.0%
Spain	Cañada del Arroyo de San Miguel, Ctra de Paracuellosa Fuente el Saz, Km. 2, Madrid	Industrial	Panrico	16.2	15.7	1.9%
Germany	3 an der Hasenbahn, Celle	Retail	Real	12.7	12.7	1.6%
Spain	Polígono Industrial Los Arcos, Puente Genil, Cordoba	Industrial	Panrico	7.7	7.5	0.9%
Spain	Polígono Industrial Oeste C/ Saavedra Fajardo, Murcia	Industrial	Panrico	6.4	6.3	0.8%
<b>Total</b>				<b>813.7</b>	<b>813.3</b>	<b>100.0%</b>

### Major Tenants

Ranking	Tenant	Location	Rent pa	Proportion
1	Casino	St Etienne	€ 6.1m	11.6%
2	Panrico	Spain	€ 3.3m	6.3%
3	IBM	Nice	€ 3.3m	6.3%
4	Schenker	Europort	€ 2.8m	5.3%
5	NH Hoteles	Düsseldorf	€ 2.8m	5.3%
6	ÖBB	IZD Vienna	€ 2.6m	5.0%
7	Jacobs Nederland B.V.	Leiden	€ 2.0m	3.7%
8	Ernst & Young	IZD Vienna	€ 1.9m	3.7%
9	Baxter AG	IZD Vienna	€ 1.7m	3.3%
10	Holmes Place	IZD Vienna	€ 1.7m	3.3%
<b>Total</b>			<b>€28.2m</b>	<b>53.8%</b>

Düren



Europort



Leiden



Valladolid



Saint-Etienne



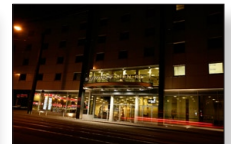
Nice



Münster



Düsseldorf



Kaiserslautern



Vienna



Madrid



Lyon



Montpellier



Celle



Murcia



Cordoba

