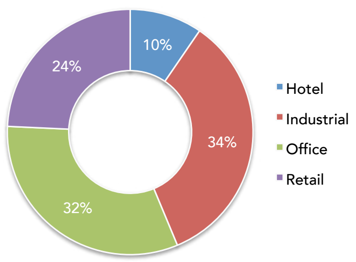
MATRIX EUROPEAN REAL ESTATE INVESTMENT TRUST LTD

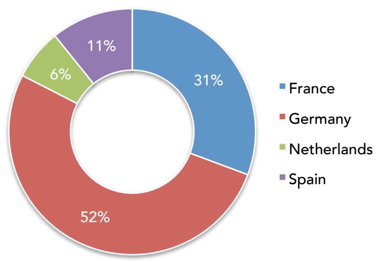
INTERIM MANAGEMENT STATEMENT - MARCH 2011

PROPERTY PORTFOLIO

The value of the property portfolio as at 31 December 2010, the latest valuation date, was €379.0 million (30 June 2010: €385.2 million), representing a like-for-like fall of 1.6% for the half year. The next valuation will be carried out as at 30 June 2011.

The valuations have been performed by the independent Valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards and show the "Market Value" assuming an asset sale of each property.





Market conditions remain stable - with early signs that investor appetite is increasing to encompass a slightly wider range of territories. 2010 saw increasing investment volumes through the year and it is expected that this pattern will continue. Whilst the value of European transactions in Q1 was down, according to CBRE, on the previous quarter (€26.7bn in Q1 versus €38.6bn in Q4 2010) it is common to see this following the year-end and encouragingly volumes in Q1 2011 are up 26% from Q1 2010.

Whilst investor focus remains very strongly aimed towards the core continental European markets of France and Germany, anecdotal evidence suggests that investors are beginning to look outside of these areas due to a shortage of prime stock. Where buyers are not prepared to compromise is in terms of quality. Core assets in major cities remain the key requirement and in this arena all three sectors have seen very modest yield improvements over the quarter of 4-8 bps. Outside of these criteria, values remain weak.

Considering the key management issues facing the Company, in the Annual Report we again highlighted the ongoing challenges at Europort and the rising vacancy levels at the year-end, which reached 36%. Since that time we have seen slightly improved levels of enquiries and undertaken several lettings which have had the effect of reducing the vacancy level to circa 27% at the quarter end.

We also noted that negotiations were ongoing with IBM to secure their longer term occupation of the property in Nice and these discussions continue.

DIVIDEND

In February 2011 the Company made a dividend payment of 5p per share for the half-year to 31 December 2010 and it is expected that a further payment will be made in August for the first half-of 2011.

HEDGING CONTRACTS

The Company uses financial derivatives to hedge its exposure to movements in interest rates and exchange rates. As at 31 March 2011 the value of the interest rate derivatives was a net liability of £2.0 million, representing a decrease of £4.5 million since 31 December 2010.

FUND MANAGER

Matrix Property Fund Management (Guernsey) Limited.

KEY FEATURES

Listing Date	4 June 2007
Structure	Closed-ended investment company
Domicile	Guernsey
Listing	London Stock Exchange
Shares in Issue	35.95m
Distribution	Half-yearly
Performance Fee	20% of total shareholder return above 10% hurdle (subject to high watermark starting 31 Dec 2008)
Property Sector	All Commercial
Geographical Region	All Europe
Fund Denomination	Sterling
Latest NAV (31 December 2010)	279p
Share Price at 31 March 2011	125p
Valuations	Half-yearly

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The value of the Company's foreign-exchange hedging contract, which exchanges €138.3 million for £93.5 million in June 2014 and €5.0 million for £3.7 million on a quarterly basis until June 2014, is a contingent liability of £35.8 million as at 31 March 2011 (comprising £27.2 million for the capital hedge and £8.6 million for the income hedge).

The contract sum has decreased from 31 December 2010 as £2.0 million was used to reduce the contract value, in line with the policy of managing down the liability over the remaining life of the contract. The comparative liabilities are as follows:

Date	Contract (matures Jun-14)	Liability
31-Dec-10	€150.0m : £101.3m	£37.0m
31-Mar-11	€138.3m : £93.5m	£35.8m

GROUP COVENANTS

LOAN-TO-VALUE COVENANTS

The Group's gearing as at 31 March 2011 remains unchanged from the year-end at a loan to value ("LTV") ratio of 63.3% and is substantially below the Company's LTV covenant of 75%. At this LTV level the Company's loan margin is 275 bps.

The Group's other covenants can be summarised as follows:

- In the event that the LTV is in excess of 65%, surplus operational income will be used to amortise the loan.
- If the LTV exceeds 60%, when properties are sold the debt pay-down required is equal to 120% of the allocated loan for the property sold.
- The loan is subject to an interest cover ratio of 1.30x.

FOREIGN EXCHANGE COVENANTS

The foreign-exchange derivative contract is subject to several financial covenants, which can be summarised as follows:

- the net asset value ("NAV") of the Group (excluding the value of the foreign exchange swap contract) to be greater than twice the liability under the foreign exchange swap contract; and
- the NAV to be at least £75 million in any event.

On the basis of currently available unaudited information the Company is in compliance with the above covenants.

PROPERTY PORTFOLIO & GROSS ASSET VALUES

Country	Location	Use	€0 < 25m	€25 < 50m	€50 < 75m
France	St Etienne	Office			■
France	Nice	Office	■		
France	Lyon	Industrial	■		
Germany	Frankfurt	Industrial			■
Germany	Düren	Retail			■
Germany	Düsseldorf	Hotel		■	
Germany	Kaiserslautern	Retail		■	
Germany	Celle	Retail	■		
Netherlands	Leiden	Office		■	
Spain	Valladolid	Industrial	■		
Spain	Madrid	Industrial	■		
Spain	Cordoba	Industrial	■		
Spain	Murcia	Industrial	■		

DÜREN

EUROPORT

LEIDEN

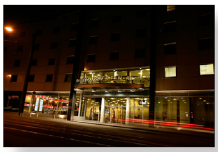
VALLADOLID

SAINT-ETIENNE

NICE

MURCIA

DÜSSELDORF



KAISERSLAUTERN

CORDOBA

MADRID

LYON

CELLE