

MATRIX EUROPEAN REAL ESTATE INVESTMENT TRUST LTD

RETURN OF CAPITAL - AN EXPLANATION



CANCELLATION OF SHARES

The Company has announced that it intends to dispose of its assets and return capital to shareholders. The return of capital will take place through a compulsory redemption of shares and the following illustrates how this will be achieved.

The following is drawn from the EGM notice issued on 12 July 2011 and is a guide only. For full details investors should refer to the original notice which is available [here](#) or via www.mereit.info.

ANNOUNCEMENT OF REDEMPTION

As stated in the recent EGM circular, an announcement to redeem will include the following details:

- the intended date of redemption (on which the redemptions will become effective) (the "Redemption Date");
- the percentage of the Company's then issued share capital to be redeemed by the Company on that Redemption Date (the "Relevant Percentage");
- the Redemption Net Asset Value per share (based on an unaudited estimate of the prevailing Net Asset Value per share); and
- any additional information that the Board considers necessary to advise shareholders in connection with the redemption.

Redemptions of shares will become effective on each Redemption Date, being a date chosen in the Directors' absolute discretion, as determined by the Directors to be in the best interests of shareholders as a whole.

Shareholders will receive the proceeds of redemption on or around the Redemption Date at the Redemption Net Asset Value per share which will be based on an unaudited estimate of the Net Asset Value.

Shareholders should note that the Group's assets are only valued semi-annually. There can be no guarantee that the Redemption Net Asset Value on any Redemption Date accurately reflects the actual value of the Company's assets at a given time.

The costs incurred in relation to a redemption may include any disposal-related costs in respect of the Company's real estate assets, registrar's and advisers' fees incurred in connection with the redemption. The actual percentage of the Net Asset Value per share attributable to costs will depend, inter alia, on the proportion of the shares remaining in issue.

REDEMPTION NET ASSET VALUE

For each redemption the Directors, in their absolute discretion, shall determine the price at which a share shall be redeemed on any Redemption Date.

In relation to any class of shares, this will be the amount determined by the Directors as being the value of the assets attributable to such class of shares less the liabilities attributable to that class of shares, taking into account inter alia the latest semi-annual property valuation, asset disposals, mark to market valuations on the Group's interest rate and foreign exchange swap liabilities and any costs associated with the redemptions.

CALCULATION EXAMPLE

The following example is based on the redemption made on 26 October 2011.

Shares in Issue	35,953,833
Capital to Return	10p per share (c. £3,600,000)
Redemption NAV	Assessed as 260p per share
Relevant Percentage	10p / 260p = 3.85%
Cost of Redemption	circa £10,000
Example Shareholding	10,000 shares
Redeemed	10,000 x 3.85% = 385 shares
Capital Returned	385 shares x 260p NAV = £1001
New Shareholding	9,615

The Redemption Net Asset Value per share for each share to be redeemed on a Redemption Date shall be calculated by:

- determining the Redemption Net Asset Value at the relevant Redemption Net Asset Value Date;
- dividing the resulting amount by the number of shares then in issue and deemed to be in issue at the relevant Redemption Net Asset Value Date
- adjusting the resulting total to such number of decimal places as the Directors may determine.

SETTLEMENT

In the case of shares held in uncertificated form (that is, in CREST) redemptions will take effect automatically on each Redemption Date. Shares held in CREST under the existing ISIN will be disabled and a new ISIN will on the next Business Day be applied to the remaining shares that have not been compulsorily redeemed. It is expected that the proceeds of the redemption will be paid through CREST within five Business Days of the relevant Redemption Date.

In the case of shares held in certificated form (that is, not in CREST), redemptions will take effect automatically on each Redemption Date. Because the shares will be compulsorily redeemed, certificated shareholders do not need to return their share certificates to the Company in order to claim their redemption monies. Shareholders' existing share certificates will be cancelled and new share certificates will be issued to each such shareholder for the balance of their shareholding after each Redemption Date. Cheques will automatically be issued to certificated shareholders upon the cancellation of each tranche of their shares.

Shareholders will be paid their redemption proceeds in sterling. It is expected that the proceeds of redemption will be paid through CREST or by cheque (at the recipient's risk) within 30 calendar days of the relevant Redemption Date. All shares that are redeemed will be cancelled with effect from the relevant Redemption Date. Accordingly, once redeemed, shares will be incapable of transfer.

DÜREN



EUROPORT



LEIDEN



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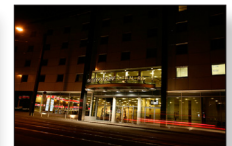
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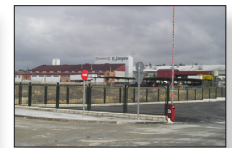
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