

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK YOUR OWN PERSONAL FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT PROFESSIONAL FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 IF YOU ARE IN THE UNITED KINGDOM, OR OTHERWISE FROM AN APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.

If you have sold or transferred all of your Participating Shares in Matrix European Real Estate Investment Trust Limited, please forward this document and the documents accompanying it at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

MATRIX EUROPEAN REAL ESTATE INVESTMENT TRUST LIMITED

(a closed-ended company incorporated in Guernsey with registered number 44115)

DIVIDEND REINVESTMENT PLAN

This circular sets out the terms and conditions of the Matrix European Real Estate Investment Trust Limited dividend reinvestment plan and should be read carefully and retained for future reference.

You should not regard any of the information provided in this circular as a recommendation to buy or hold Participating Shares in Matrix European Real Estate Investment Trust Limited. The price and value of any investments and the income from them may fluctuate. You may get back less than the amount you invest. Movements in the price of the Participating Shares may be more volatile than the movements in the price of its underlying investments and may be subject to sudden and large falls in value. You may get back nothing at all if there is a sufficiently large fall in value in the underlying investments. Past performance is not a guide to future performance.

If you have any enquiries about the Plan you should contact:

Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW.

Definitions

Board	the Board of directors of the Company
Broker	Cenkos Securities plc
Business Day	Any day on which banks in Guernsey and London are open for normal banking business (excluding Saturdays and Sundays)
Circular	this document and its appendix
Company	Matrix European Real Estate Investment Trust Limited
Euro	the common currency adopted initially by eleven European nations pursuant to the treaty of European Union in February 1992
London Stock Exchange	London Stock Exchange plc
Manager	Matrix Property Fund Management (Guernsey) Limited
Participating Shares	participating redeemable preference shares of no par value in the capital of the Company
Plan	the Matrix European Real Estate Investment Trust Limited dividend reinvestment plan
Plan Administrator	Investec Administration Services Limited
Proposals	the proposals relating to the Company, detailed in this Circular
Registrar	Computershare Investor Services (Channel Islands) Limited
Shareholder	a registered holder of Participating Shares
Sterling	the lawful currency of the United Kingdom of Great Britain and Northern Ireland

MATRIX EUROPEAN REAL ESTATE INVESTMENT TRUST LIMITED

DIVIDEND REINVESTMENT PLAN

Directors:

Crispian Collins
Robert Tsenin
Stephen Coe
Jan van der Vlist

Registered Office:

Investec House
La Plaiderie
St Peter Port
Guernsey GY1 3RP

Dear Shareholder

Introduction

I am writing to invite you to participate in the Plan, which the Company has arranged with the Broker and the Registrar. The Plan offers you an opportunity to reinvest your cash dividends by purchasing additional Participating Shares in the Company.

The Plan will be run and administered by the Plan Administrator and will not be run by the Company itself. The Broker, by whom all purchases of Participating Shares under the Plan will be made on your behalf, is regulated by the Financial Services Authority. All dealings will be subject to and in accordance with the rules and regulations of the London Stock Exchange.

About the plan

How the Plan Works

Shareholders who are paid a cash dividend are given the opportunity to reinvest it in the Company through a dealing arrangement effected by the Broker. If you choose to join the Plan, you will have as many whole Participating Shares as possible purchased for you out of any cash dividend. A 0.3% dealing charge will be charged by the Broker. Purchases will be made on the relevant dividend payment date, or as soon as practicable thereafter, on an execution only basis.

Who is eligible to join the Plan

To be eligible to join the Plan, you must be on the Company's register of members on the record date for payment of dividends.

You may participate in the Plan provided that you do not live in and are not subject to the jurisdiction of any country where your participation in the Plan would require the Company, the Plan Administrator or the Broker to comply with local governmental or regulatory procedures or similar formalities. Should it materialise that you live in or are subject to the jurisdiction of such a country and that you have returned a completed mandate form, the Plan Administrator may, at its discretion, cancel your participation in the Plan.

If you are resident outside Guernsey or the UK, you are responsible for ensuring that you are legally permitted to join the Plan and for completing all relevant formalities. If in doubt, you should consult your independent professional adviser.

Where local legislation prohibits participation in the Plan, this Circular should be regarded as for information only.

Certain parties including directors of the Company may require prior written clearance to participate in, or cancel or vary the terms of their participation in, the Plan.

How share purchases will be made

If you elect to join the Plan, existing Participating Shares in the Company will be purchased for you in the market using all of your cash dividend (after deducting dealing charges) on, or as soon as reasonably practicable after, the payment date for a dividend. Purchases will be made by the Broker on an execution-only basis and you may not specify a minimum or maximum price at which the shares can be purchased. It may be necessary to carry out several market transactions over several days to acquire sufficient Participating Shares but this will always be undertaken at the best price available at the time of dealing. All deals will then be averaged so that all Shareholders receive Participating Shares at the same price in Sterling and you should be aware that this may operate to your advantage or disadvantage. You will receive the maximum whole number of Participating Shares that can be purchased on your behalf. Any surplus cash will be carried forward and added to future dividend payments for reinvestment.

The number of Participating Shares you will receive will depend on the price of the Participating Shares on the London Stock Exchange when the deal is carried out and the cash dividend in Sterling you receive on each occasion, less dealing charges. The cash dividend is based on the number of Participating Shares appearing in your name on the Company's Register of Members on the record date for each dividend.

How to Participate in the Plan

An application form is annexed to this Circular. To participate in the Plan, please complete and sign the form and return it to the Registrar at Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 9PW. Photocopied application forms and forms submitted by fax or e-mail will not be accepted.

Provided that a correctly completed application form is received by the Registrar no later than 15 Business Days prior to the payment date of a dividend, you will be able to participate in the Plan for that dividend. Any forms received outside this timeframe will not be effective for that dividend but will be applied to the next dividend thereafter. You may elect to receive Participating Shares under the Plan only in respect of all (i.e. not part) of your shareholding in the Company.

Surplus Cash under the Dividend Reinvestment Plan

You will receive the maximum whole number of Participating Shares that it is possible to purchase on your behalf. Since it is not possible to purchase fractions of shares, purchases will be rounded down to the nearest whole Participating Share. Any cash remaining after the share purchase in accordance with the Plan or where there was insufficient money to purchase one share, will be held on your behalf in a non-interest bearing client account maintained by the Plan Administrator and added to the amount of the next dividend for reinvestment under the terms of the Plan.

Where surplus cash is being held on your behalf, this will be repaid in cash (without interest) as soon as reasonably practicable after one of the following events:

- (a) all your Participating Shares are sold or transferred from your account;
- (b) your agreement to participate in the Plan is cancelled by you in writing;

- (c) (in the case of an individual Shareholder) the Plan Administrator receives proper notification of your death, bankruptcy or mental incapacity; or
- (d) (in the case of a corporate Shareholder) the Plan Administrator receives proper notification of your being placed in liquidation insolvency or bankruptcy.

Costs

You will be charged a dealing fee equal to 0.3% (inclusive of any VAT) of the value of the Participating Shares purchased. This charge will be deducted from your cash dividend before being reinvested under the Plan and will be paid to the Broker.

For example, if you were entitled to a total dividend of £56.25 and the price per Participating Share was £4.50, 12 Participating Shares would be purchased at a cost of £54.00 plus a 0.3% dealing fee of £0.16, leaving £2.09 to be applied on the occasion of the next dividend payment.

Future dividends

Once you have elected to participate in the Plan, all future dividends will be reinvested under the Plan until either you withdraw from the Plan (see below) or the Plan is suspended.

It is envisaged that the Plan will continue to operate for the foreseeable future. However, the Company and the Plan Administrator reserve the right to suspend or terminate the Plan at any time, in which case the Plan Administrator will give notice to participants under the Plan in writing. The Company or the Plan Administrator may amend the Plan without notice where the amendment is required by reason of a statutory or regulatory provision, and the Plan Administrator will inform participants under the Plan in writing of the amendment as soon as practicable. In any other case the Company or the Plan Administrator may amend the Plan by thirty days' written notice to participants under the Plan. Such amendment may include revision of the costs and charges associated with the Plan. The Company and the Plan Administrator will be entitled to assume that participants in the Plan wish to continue under the modified terms unless and until the Plan Administrator receives written notification withdrawing from the Plan.

The Company and the Plan Administrator are not obliged to make the Plan available for any particular dividend and, if it is not made available, then a cash dividend will be paid.

Share Certificates and Statements

The Participating Shares purchased on your behalf under the Plan will be registered in your name and a share certificate will be posted to you within 15 Business Days of the dividend payment date. Attached to the share certificate will be:

- (a) a share purchase confirmation showing the number of Participating Shares acquired, the purchase price and associated costs; and
- (b) a dividend statement covering the whole of the cash dividend.

If your Participating Shares are held in CREST the Participating Shares will be credited to your CREST account. You will not be sent a share certificate but will receive a share purchase confirmation and dividend statement as referred to in paragraphs (a) and (b) above.

All documents sent by post will be sent at your risk and neither the Company nor the Plan Administrator will be liable for any failure to receive any document. All notices and documents will be sent to the first named Shareholder at the address on the Company's register of Shareholders.

How to Withdraw from the Plan

You may withdraw from the Plan at any time by writing to the Registrar at Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW. This must be received no later than 15 Business Days prior to the next dividend payment date in order to be effective for that dividend.

If you dispose of part of your holding, this will not invalidate your participation in the Plan but will, of course, reduce your aggregate cash dividend and therefore the number of Participating Shares which may be purchased in respect of any dividend. If you dispose of some of your Participating Shares, or acquire further Participating Shares, the Registrar will assume that you wish to continue to participate in the Plan, in respect of your altered holding, unless you notify the Registrar that you wish to withdraw from the Plan.

If the Registrar receives notification of your death, bankruptcy or mental incapacity (or in the case of a corporate Shareholder, being placed in liquidation or insolvency), your participation in the Plan will cease, except where the Participating Shares are held jointly with others when the remaining joint holders' participation in the Plan will continue.

General

Further copies of this Circular and the application form (as amended from time to time) may be obtained by writing to the Registrar or may be downloaded from the Company's website www.mereit.info.

Taxation Treatment

The following comments are of a general nature based on the Company's understanding of relevant tax law and practice in the jurisdictions referred to below, in force at the date this document was produced. You are reminded that tax legislation can change from time to time and this may alter the comments made below. The tax consequences for a Shareholder electing for dividend reinvestment will depend upon his/her personal circumstances. The following summary does not constitute legal or tax advice and if you are in any doubt you should consult your stockbroker, bank manager, accountant or other appropriately qualified independent financial adviser.

You are liable for tax on dividends reinvested under the Plan on the same basis as if you had received the cash and arranged the investment yourself. You should therefore include the dividend in your tax return in the normal way.

Guernsey tax

Shareholders resident for income tax purposes in the Islands of Guernsey, Alderney or Herm who participate in the Plan are liable to Guernsey income tax on the total amount of their cash dividend, notwithstanding that such cash dividend (after deducting costs) will be applied to purchase Participating Shares in the Company. No deduction will be made from any cash dividend due to any such taxpayer, although such taxpayer will be liable to income tax at the standard rate of 20 per cent. You should retain the dividend statement and share purchase confirmation attached to your share certificate as this may be required at a later date. The Plan Administrator will provide details of all dividends paid to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the States of Guernsey Income Tax.

Shareholders who are not resident in Guernsey and who participate in the Plan will not be liable to Guernsey income tax on the cash amount of their dividend.

Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwelling profits tax), gifts, sales or turnover, nor are there any estate duties save for an ad valorem fee for the grant of probate or letter of administration.

Guernsey has introduced measures that are the same as the European Union Savings Tax Directive. However, paying agents located in Guernsey are not required to operate the measures on payments made by closed-ended investment companies, such as the Company.

UK tax

Income Tax

Shareholders will be liable for tax on the dividends reinvested under the Plan on the same basis as if they had received the cash and arranged the purchase of Participating Shares themselves.

If you are an individual higher rate taxpayer then you will be liable to income tax at 32.5% on the amount of the dividend received. Other taxpayers will be liable to income tax at the rate of 10%. Since the Company is not UK resident there is no tax credit payable.

You should retain the dividend statement and share purchase confirmation attached to your share certificate as this may be required at a later date.

UK resident corporate Shareholders will be liable to corporation tax on the amount of dividends reinvested under the Plan.

UK Capital Gains Tax

If you dispose of Participating Shares acquired under the Plan you may be liable to capital gains tax, or if you are a corporate Shareholder then corporation tax on chargeable gains. The base cost of the Participating Shares bought by you under the Plan for the purpose of calculating the chargeable gain or allowable loss arising on sale will be the actual cost of the Participating Shares including charges.

Other Terms and Conditions of the Plan

The Plan is an “execution-only” service. The decision to purchase Participating Shares under the Plan is entirely your own responsibility and no advice can or will be given either by the Company, the Plan Administrator or the Broker on the suitability or otherwise of the Plan based on your personal circumstances. If in doubt you should consult your stockbroker, bank manager, accountant or other appropriately qualified independent financial adviser.

All purchases of Participating Shares under the Plan will be made on your behalf by the Broker, which is regulated by the Financial Services Authority. All dealings will be subject to and in accordance with the rules and regulations of the London Stock Exchange. The rules made by the UK Financial Services Authority under the Financial Services and Markets Act 2000 for the protection of private customers will not apply to services provided by the Broker under the Plan and participants in the Plan will not have the protections of the Financial Services Compensation Scheme established under that Act.

The Plan Administrator or its agents may, in administering the Plan, effect transactions for you notwithstanding that they have, directly or indirectly, a material interest or relationship of any description with another party which may involve a conflict with their duty to you.

The Plan Administrator is authorised to disclose or arrange for the disclosure of any information relating to the Plan to any relevant authority or as required by such authority, whether by compulsion of law or not. The Plan Administrator shall not be liable for any disclosure made in good faith provided that it believes that such disclosure has been made in accordance with any such requirements.

None of the Company, the Plan Administrator or the Broker shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) however incurred, including arising from any insufficiency or alleged insufficiency or any price at which Participating Shares are purchased in the market under the Plan or the terms or timing of any such purchases, or decision not to make any purchases.

Each of the provisions of the Plan will be severable and distinct from one another and if one or more of such provisions is invalid or unenforceable the remaining provisions shall not in any way be affected.

Nothing in these terms and conditions restricts any rights you may have under the rules of the UK Financial Services Authority (FSA) or under the UK Financial Services and Markets Act 2000. This Circular is issued by Computershare Investor Services (Channel Islands) Limited and to the extent that it is a financial promotion it has been approved for the purpose of Section 21(2)(b) of the UK Financial Services and Markets Act 2000.

By agreeing to participate in the Plan, you will be deemed to have consented to the processing of your personal data by the Company, the Plan Administrator and the Registrar in accordance with Guernsey and Jersey data protection legislation for the purposes of administering the Plan, including, without limitation, maintaining the Company's register of Shareholders and mailing lists.

These terms and conditions are governed by and shall be construed in accordance with the laws of the Island of Guernsey.

Computershare Investor Services (Channel Islands) Limited, incorporated and registered in Jersey. Registered Office: Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW, Channel Islands.

Cenkos Securities plc is authorised and replicated by The Financial Services Authority. Registered in England, no 05210733. Registered office: 6.7.8. Tokenhouse Yard, London EC2R 7AS.

Yours faithfully

Crispian Collins
Chairman

Appendix

MATRIX EUROPEAN REAL ESTATE INVESTMENT TRUST LIMITED Dividend Reinvestment Plan Application Form

If you wish to participate in the Matrix European Real Estate Investment Trust Limited dividend reinvestment plan (the "Plan"), please complete, sign and return this form to Computershare Investor Services (Channel Islands) Limited, Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW, Channel Islands. You should review the circular incorporating the terms and conditions of the Plan before completing this form.

To: Computershare Investor Services (Channel Islands) Limited.

I/We, the undersigned, being the registered holder(s) of participating shares ("Participating Shares") of no par value each in Matrix European Real Estate Investment Trust Limited confirm that I/we have read and understood the terms and conditions of the Plan and elect to participate in the Plan for each future dividend paid on all of my/our holding of Participating Shares from time to time in accordance with the terms and conditions of the Plan as amended from time to time.

I/We appoint Computershare Investor Services (Channel Islands) Limited or any successor administrator of the Plan as may be appointed from time to time as my/our agent to effect the conversion of my dividends to sterling and to arrange the purchase of Participating Shares in accordance with such terms and conditions.

I/We hereby give authorisation that:

Either: I/we be sent at my/our risk, by post, share certificates

Or: my/our CREST account be credited, in respect of any Participating Shares purchased on my/our behalf pursuant to this mandate.

<i>Tick appropriate box</i>
<input type="checkbox"/>
<input type="checkbox"/>

This mandate will remain in force until written notice is received by Computershare Investor Services (Channel Islands) Limited in accordance with the terms and conditions of the Plan.

In the case of joint holders, ALL MUST SIGN. In the case of a corporation this form must be executed under its common seal or be signed on its behalf by a duly authorised officer or agent, whose capacity must be stated.

Registered name(s) of holders:

Designation/Account no. (if any):

Signature (and capacity if a company):

Signatures of any joint owners:

Address:

Postcode:

Daytime telephone number (including area code):
(should we need to contact you)

Email address:

Date:

If this form is not completed to the satisfaction of Computershare Investor Services (Channel Islands) Limited, it will not be processed and will be returned to you for completion. Further copies of the circular incorporating the terms and conditions of the Plan and of the application form (as amended from time to time) may be obtained by writing to Computershare Investor Services (Channel Islands) Limited, Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW, Channel Islands or may be downloaded from www.mereit.info.