

The X-Leisure Unit Trust

Quarterly update - 30 June 2007

Overview

The X-Leisure Unit Trust (X-Leisure) has continued its positive performance in 2007, returning 2.6% for Q2. For the twelve month period to 30 June 2007, X-Leisure returned 17.3% and for the three years to 30 June 2007 the return was 25.0% per annum. Although X-Leisure has an absolute benchmark of 12%, for information purposes only, we have compared X-Leisure to the 'All pooled fund index' within the IPD UK Pooled Property Fund Index (IPD UK PPF1). The All pooled fund index includes both balanced and specialist funds.

	Q2 2007	2007 YTD	1 year	3 years
The X-Leisure Unit Trust	2.6%	5.4%	17.3%	25.0%
IPD All pooled fund index	2.0%	4.5%	13.6%	19.0%

Note: Total returns net of all fees. Source: IPD UK PPF1 June 2007

Acquisitions and disposals

Bournemouth

- X-Leisure has agreed terms to fund a prime leisure development in Central Bournemouth to include interim finance. Construction is due to commence late summer 2007 with completion of 'West Central' in the summer 2009 and a projected completion investment value of £48m. The scheme provides 110,000 sq ft over two levels anchored by a nine screen cinema plus 65,000 sq ft of restaurant/retail accommodation. Currently the development and finance agreement are with lawyers with contracts due to be exchanged and completed Q3 2007.

Brighton Marina Company

- The Brighton Marina Company is a strategic acquisition for X-Leisure. The company holds the long leasehold interests of the entire marina development site and is X-Leisure's superior landlord. The contract is currently in solicitors' hands with exchange and completion due Q3 2007.

Asset management

Asset management achievements for the quarter include ten new leases with additional rent of £316,000. As well, six rent reviews were settled at no less than estimated ERV, four leases were surrendered/regeared and planning consent for two new units was granted.

Riverside Norwich

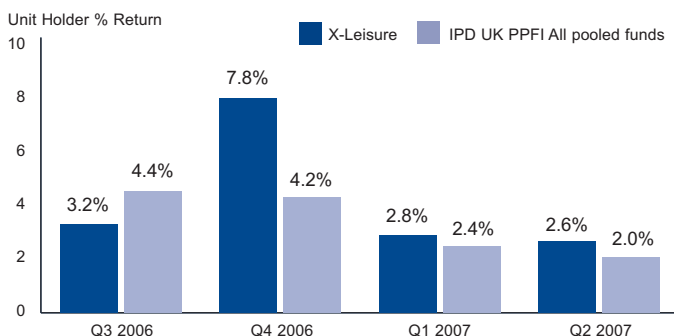
- X-Leisure have for some time been seeking to resolve final matters arising from the original development of Riverside Norwich. As part of that discussion with the developers, we have commissioned a survey of aspects of the nightclub building over which we have had concerns. The results of the survey have just been received, and support our concerns. As a result, we have felt in necessary to close the nightclub for safety reasons. We are now taking legal steps to reinstate the nightclub building for its purpose and resolve this matter with the developer as a matter of urgency.

West India Quay (WIQ)

- During the course of Q2 2007, the principal objective under the Business Plan for WIQ was completed. This was a surrender of the Scu-zi lease and a new letting to X-Bar Limited, trading as Dion, an upmarket champagne bar. The new lease sets a new rental tone

Unitholder performance

As at 30 June 2007



Note: Total returns net of all fees. Source: IPD PPF1 June 2007.



Snowboarding at Xscape Castleford, Leeds. During Q1 2007 X-Leisure acquired Xscape at Milton Keynes and Castleford.

across the restaurant/bar units which has resulted in a net valuation increase over the quarter of 5.2%. Dion is currently fitting-out with a launch due August 2007. The user was important in this letting to ensure WIQ provides an attractive and different offer within the context of Canary Wharf.

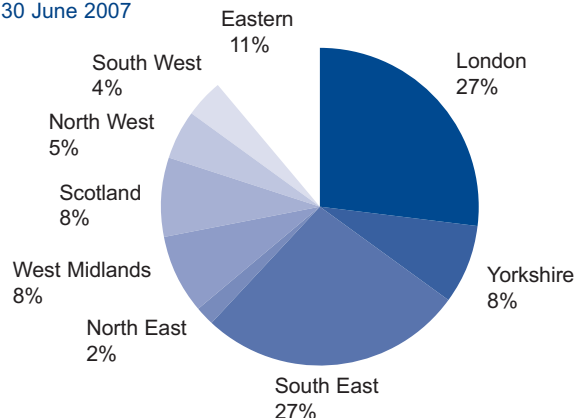
Leisure market

For Q1 and Q2 2007, within the investment market, leisure yields remain stable with sustained interest from both institutional and private investors. X-Leisure has bid competitively but unsuccessfully on three properties in 2007, which suggests that through this period there has not been any softening of the market.

The smoking ban was introduced in the UK on 1 July 2007. We are monitoring the effect of the smoking bans with our tenants across all our leisure schemes. Research has suggested that family eating out has increased in Scotland and Wales (where the ban is well established) due to restaurants now being smoke-free.

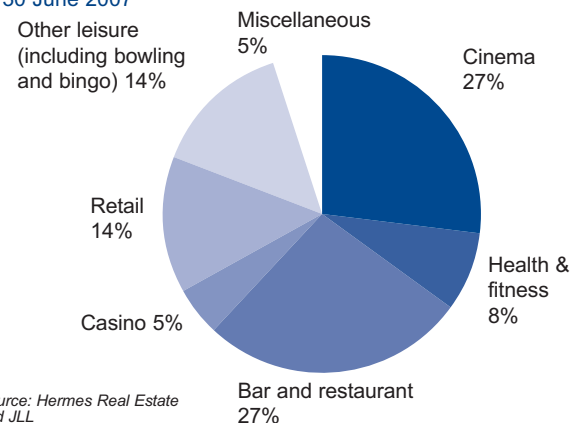
Regional location by capital value

at 30 June 2007



Covenant by sector

at 30 June 2007



Source: Hermes Real Estate and JLL

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Key statistics

As at 30 June 2007

Fund value

Gross asset value:	£940.6m
Net asset value:	£490.8m
Number of assets:	18

Unitholder returns

Twelve month return to Unitholders:	17.3%
Quarterly return to Unitholders:	2.6%
Net asset value per unit:	183.1374p
Number of Unitholders:	22

Distribution

Distribution per unit (Quarter to June 2007):	1.2697p
Distribution per unit (Year to June 2007):	7.3670p
Distribution yield (Year to June 2007):	4.0%

Property portfolio

Portfolio net initial yield:	4.74%
Portfolio true equivalent yield:	5.71%
Portfolio reversionary yield:	5.65%
Portfolio void (based on ERV):	2.60%

Weighted unexpired lease term:	17 years
Secure net income with fixed uplifts:	38%
ERV growth (12 months - standing investments only)	4.6%
Gearing (based on gross asset value):	47%

Source: Hermes Real Estate - June 2007.

Unit prices

Period	Unit price	Quarterly increase
30 September 2006	167.2069p	2.8%
31 December 2006	175.8634p	5.2%
31 March 2007	179.5968p	2.1%
30 June 2007	183.1374p	2.0%

Top five holdings by value

As at 30 June 2007

Asset	Lot size range
O2, Finchley Road, London	Greater than £100m
Xscape, Milton Keynes	Greater than £100m
Brighton Marina, Brighton	£75m - £100m
Xscape, Castleford	£75 - £100m
Riverside, Norwich	£50m - £75m

Income expiry profile

As at 30 June 2007

Lease expiry	% net income
0-5 years	8.4%
5-10 years	4.7%
10-15 years	7.7%
15-20 years	55.5%
20+ years	23.6%

Source: Hermes Real Estate - June 2007.

About Hermes (Fund Manager)

Hermes Real Estate is the dedicated real estate subsidiary of Hermes. With assets of over £70 billion (as at 30 June 2007), Hermes is wholly owned by the largest pension scheme in the UK, the BT Pension Scheme, giving its real estate investment perspective a unique alignment with other long-term investors.

Hermes Real Estate is one of the largest real estate managers in the UK, with £12 billion of gross assets under management (as at 30 June 2007). Lead by Alasdair Evans and Russell Black, Hermes Real Estate has been the Fund Manager since inception in 2004. As Fund Manager Hermes Real Estate oversees all aspects of the fund reporting, corporate governance, debt and investor relations.

Important Information

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About Capital & Regional (Property Manager)

Capital & Regional (C&R) are a well established property company currently listed on the London Stock Exchange with a market capitalisation of £800 million (as at 30 June 2007). C&R's business is acquiring and asset managing properties within specific property sectors. C&R have focused on creating funds which they have co-invested in. C&R currently have over £6.5 billion assets under management within the leisure, retail, trade park and German property markets.

X-Leisure has unique expertise in the leisure market. The specialist team, lead by PY Gerbeau, combines leisure destination management, marketing and events in addition to the strong property team lead by Polly Farrell.

statements regarding future prospects may not be realised. No action should be taken or omitted to be taken in reliance upon information in this document.

The opportunities described in this document have unique risks that may make them unsuitable for certain investors and past performance may not be indicative of future results. Also, certain returns shown in this document are compared against returns for the relevant benchmark index during similar periods. It is important to note that the underlying volatility and risk of the funds' portfolios and that of their benchmark indices vary materially. Property is an illiquid investment. The value of the property is a matter of a valuer's opinion rather than fact.

The X-Leisure Unit Trust is regulated by the Jersey Financial Services Commission as an Expert Fund. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

The information contained in this Factsheet does not constitute an offer to acquire any interests in the X-Leisure Unit Trust. It is suitable only for those who fall in the definition of 'expert investors' published by the Jersey Financial Services Commission.

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