

# The X-Leisure Unit Trust

## Quarterly update - 30 September 2007

### Overview

The X-Leisure Unit Trust (X-Leisure) has continued its positive performance in 2007, returning 0.6% for Q3. For the twelve month period to 30 September 2007, X-Leisure returned 14.4% and for the three years to 30 September 2007 the return was 22.7% 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 PPF). The All pooled fund index includes both balanced and specialist funds.

	Q3 2007	2007 YTD	1 year	3 years
The X-Leisure Unit Trust	0.6%	6.1%	14.4%	22.7%
IPD All pooled fund index	-1.7%	2.7%	6.9%	16.5%

Note: Total returns net of all fees. Source: IPD UK PPF September 2007

### Acquisitions and disposals

#### Cardigan Fields, Leeds

X-Leisure has completed the acquisition, from British Land, of this 225,000 sqft leisure park situated 1.5 miles from Leeds city centre. The scheme is anchored by a nine screen multiplex Vue cinema, a Hollywood Bowl, and Virgin Active health club. Restaurant tenants include Nandos, Pizza Hut, Frankie & Benny's and a McDonalds drive through.

The net price paid (less rental guarantee on one vacant unit) was £39.27m, an equivalent yield of 6.1%. The park also offers future value through lettings, rent review settlements, and potential development.

#### West Central Bournemouth

The legal and due diligence on this forward funding development proposition is progressing.

#### Brighton Marina Company

This acquisition is currently on hold.

### Asset management

Asset management achievements for the quarter include nine new leases/licenses with additional rent of £145,000, as well as the settlement of four rent reviews and four lease regears/surrenders/relettings, all at rental levels above estimated rental value.

#### Riverside Norwich

Further investigations have been carried out in relation to the structural problems with the nightclub floor at Riverside Norwich. Currently neither the bowl or night club are trading. Various options for the remediation have now been formulated, programmed and costed. These are due to be presented to the developer / original contractor and their advisors in the second week of October.

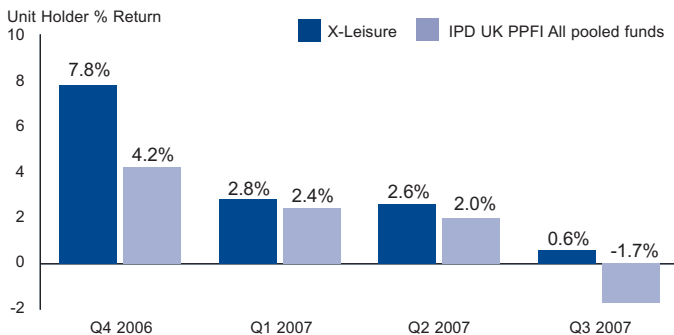
Over the quarter, at Riverside, X-Leisure took a surrender from Herald Inns of their Brannigans unit. This 13,436 sqft bar unit is now being subdivided into three family restaurants. The estimated annual rental income on completion of the sub division is £285,000 versus the pre-surrender rental value of £161,500. All three restaurants are under offer.

#### Xscape, Milton Keynes

An outline planning application has been submitted to Milton Keynes Council for the development of 117,500 sqft retail and leisure accommodation, a 120 bed hotel, new public realm space and two multi-storey car parks at Xscape. The consultation process has commenced and feedback to date has been positive.

### Unitholder performance

As at 30 September 2007



Note: Total returns net of all fees. Source: IPD PPF September 2007.



During Q3 2007 X-Leisure acquired the Cardigan Fields Leisure Park, Leeds.

#### Brighton Marina

The detailed planning application has now been submitted to Brighton & Hove Council by our residential partner, Explore Living, for the development of 1,200 flats and 19,000 sqft of additional retail/restaurant space across five sites at the Marina. The deal agreed with Explore Living is essentially land sales subject to planning. The application has gone in with the support of planning officers and follows eighteen months of extensive consultation.

Rental values along the waterfront over the quarter have increased by 14%. This follows a strategic surrender of the El Patio unit and reletting to Zizzi. This is especially important in light of impending rent reviews.

### Leisure market

Leisure market yields have held up over the last quarter. The market, however, as with the rest of the property investment market, has seen limited transactions and there is a definite feeling of caution.

On the occupational side, demand remains strong with continued publication of restaurant requirement lists and the cinema market is on target to achieve record admissions.

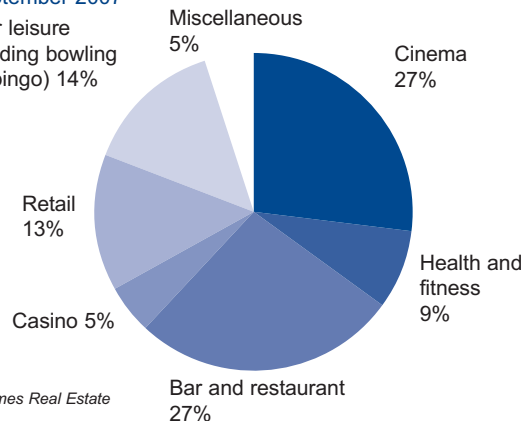
### Regional location by capital value

at 30 September 2007



### Covenant by sector

at 30 September 2007



Source: Hermes Real Estate and JLL

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### Key statistics

As at 30 September 2007

#### Fund value

Gross asset value:	£984.0m
Net asset value:	£491.6m
Number of assets:	19

#### Unitholder returns

Twelve month return to Unitholders:	14.4%
Quarterly return to Unitholders:	0.6%
Net asset value per unit:	183.4369p
Number of Unitholders:	24

#### Distribution

Distribution per unit (Quarter to September 2007):	0.8824p
Distribution per unit (Year to September 2007):	7.0500p
Distribution yield (Year to September 2007):	4.1%

#### Property portfolio

Portfolio net initial yield:	4.79%
Portfolio true equivalent yield:	5.75%
Portfolio reversionary yield:	5.46%
Portfolio void (based on ERV):	3.20%

Weighted unexpired lease term:	17 years
Secure net income with fixed uplifts:	39.4%
ERV growth (12 months - portfolio standing investments only)	5.0%
Gearing (based on gross asset value):	50.2%

Source: Hermes Real Estate - September 2007.

### Unit prices

Period	Unit price	Quarterly increase
31 December 2006	175.8634p	5.2%
31 March 2007	179.5968p	2.1%
30 June 2007	183.1374p	2.0%
30 September 2007	183.4369p	0.2%

### Top five holdings by value

As at 30 September 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	£75m - £100m
Riverside, Norwich	£50m - £75m

### Income expiry profile

As at 30 September 2007

Lease expiry	% net income
0-5 years	7.9%
5-10 years	4.6%
10-15 years	9.6%
15-20 years	54.6%
20+ years	23.3%

Source: Hermes Real Estate - September 2007.

### About Hermes (Fund Manager)

Hermes Real Estate is the dedicated real estate subsidiary of Hermes. With assets of over £12 billion (as at 30 September 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.

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 including: reporting, corporate governance, debt and investor relations.

### About Capital & Regional (Property Manager)

Capital & Regional (C&R) are a well established property company currently listed on the London Stock Exchange. 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 (as at 30 September 2007) 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.

### Important Information

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The X-Leisure Unit Trust is regulated by the Jersey Financial Services Commission as an Expert Fund. The Jersey Financial Services 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.

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# X-LEISURE

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