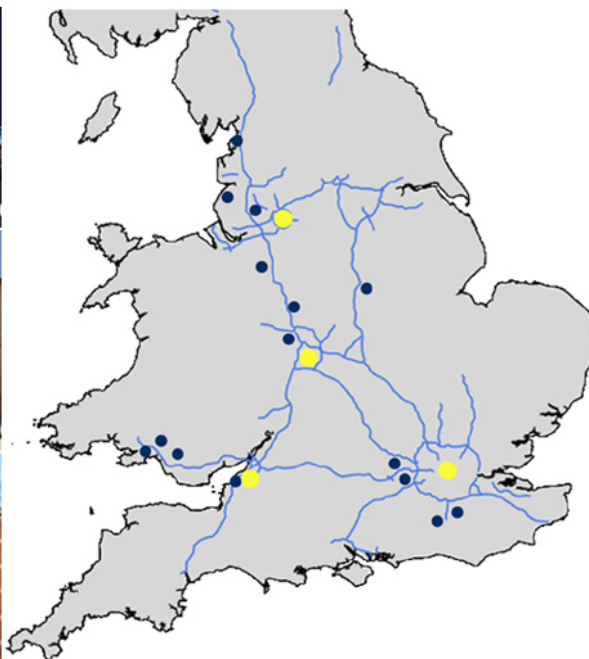


A mixed retail portfolio of properties located throughout the country



Transaction Date	22 nd February 2011
Valuation at date of transaction	£71,405,000
RBS debt at date of transaction	£53,400,000
Current RBS debt (August 2011)	£52,765,631
Current Income (August 2011)	£5,069,000

Portfolio Activity

Since the retail merge concluded on 22nd February this year we have been actively managing the portfolio and securing new Tenants to the previously vacant properties.

Four of the significant activities are outlined below in this report.

Albemarle Retail Properties LLP - Review

August 2011

Focus, Clevedon:



As you may have read in the press, our tenants in Clevedon, Focus DIY went into administration in May 2011.

The business has struggled for many years and Focus had previously been through a Company Voluntary Arrangement (CVA) in an attempt to survive.

They were paying a rent of £275,000 pa on a lease which expired in March 2019. As you can see from the attached photo the unit is fairly dated.

Since May we have been hard at work on confidential negotiations with the Administrator and Asda and we are delighted to advise you that the lease has now been assigned to Asda on the following terms:

- The lease term is extended to 20 years with expiry in 2031.
- There are no tenant breaks giving a long and guaranteed income stream from a top quality tenant.
- The rent has been increased from £275,000 pa to £316,000 pa backdated to 25th March 2009.
- The back rent will be approximately £100,000.
- At the next review in 2016 the rent will increased by over £50,000 pa to a fixed sum of £366,350 pa.
- In subsequent reviews the rent will be increased in line with the retail price index with a cap of 3% pa.

As a result of the Asda covenant, the extended lease term and the increased rent, the valuer's have assessed that the capital value has increased to £5.5m which we believe is a conservative figure, £6m is more likely. The previous value was £3.17m but following the tenant administration this could well have fallen substantially if a new tenant had not been secured.

Waitrose, Piries Place, Horsham:



We are in discussions with Waitrose on a possible new lease when the current lease expires in 2016. Part of the negotiations involve drawing up a scheme for the possible extension of the Waitrose unit.

In the meantime we are dealing with an outstanding rent review where we expect the rent to increase from £340,000 to c. £425,000.

The rest of the scheme is now fully let following a letting to Classic Bags and The Med Café which we attended the opening of last week with the local press and members of the council.

Burtons, Wigan:



The Lease with Burton's expired in March and their intention was to relocate to the BHS department store nearby (which is part of the same group).

We have managed to retain Burton's on a new 5 year lease at a rent of £85,000 p.a. This is less than the previous rent as the retail market in Wigan has suffered under recession and the demand is fairly limited.

We are therefore happy to retain a good Tenant and the income until such time as the market improves.

New Letting, Unit Two, Neath:



The number of vacant units in the portfolio has been minimal apart from Unit Two in Neath which has been vacant for some time.

We are pleased to advise that we have found a new restaurant Tenant who has agreed terms for a new 15 year lease at an initial rent of £20,000 p.a. rising to £45,000 p.a. in the Fifth year, with five yearly rent reviews thereafter, we anticipate this exchanging shortly.

Bank Information

The initial debt position with RBS was £53,400,000 which we have now reduced to £52,765,631 since the 22nd February. All of the covenants have been adhered to and RBS have confirmed they are happy with the performance of the portfolio.

Conclusion

We are sure you will agree the results above are a very good outcome for the syndicate in a difficult property market. We anticipate having the properties formally valued again once Asda are in occupation and trading and the other lettings have concluded in order to improve the terms our deal with RBS.