ALBURN REAL ESTATE CAPITAL LIMITED
(a public limited company incorporated in Jersey
with a registered number of 94862)
(the "**Issuer**")

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT NOTES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE NOTES IN A TIMELY MANNER.

NOTICE

to the holders of

£224,800,000 CLASS A SECURED FLOATING RATE NOTES DUE 2016

(ISIN XS0285749833)

£35,950,000 CLASS B SECURED FLOATING RATE NOTES DUE 2016

(ISIN XS0285751904)

£33,700,000 CLASS C SECURED FLOATING RATE NOTES DUE 2016

(ISIN XS0285753272)

£33,700,000 CLASS D SECURED FLOATING RATE NOTES DUE 2016

(ISIN XS0285753942)

£9,900,000 CLASS E SECURED FLOATING RATE NOTES DUE 2016

(ISIN XS0285755053)

(together, the "Notes")

This Notice is issued by the Issuer, on behalf of the Loan Servicer, to the holders of the Notes (the "**Noteholders**").

Capitalised terms used but not otherwise defined in this notice shall have the meanings ascribed to them in the Trust Deed dated 22 February 2007.

Further to the notice dated 7 September 2011, certain Noteholders and the Junior Lender attended a meeting on 21 September 2011 where presentations were made by representatives of the Borrower, Brookland Partners LLP and CB Richard Ellis Ltd. A summary of the key points is set out below:

A short presentation was made which summarised the current transaction position, including the capital structure based on the information contained in the most recent Servicing report.

Estimated future mark-to-market valuations on the senior swap were also discussed. The senior swap has a strike rate of 5.296% and matures in October 2013. The indicative mark to market ("**M2M**") over time for the entire senior swap, based on forward rates on 14 September 2011 (the "**Base Curve**") is shown in the table below:

Date	Oct 11	Jan 12	Apr 12	Jul 12	Oct 12	Jan 13	Apr 13	Jul 13	Oct 13
Using the Base Curve	-15.5m	-13.6m	-11.7m	-9.7m	-7.8m	-5.8m	-3.9m	-1.9m	0.0m

Source: Chatham Financial

The M2Ms may vary materially in accordance with changes in the interest rate environment, and due to market volatility, these rates can change frequently. To illustrate the impact of changes in rates, the table below shows the M2Ms if the Base Curve shifts up or down by 50bps or 100bps:

Date	Oct 11	Jan 12	Apr 12	Jul 12	Oct 12	Jan 13	Apr 13	Jul 13	Oct 13
Base Curve plus 50bps	-13.7m	-12.0m	-10.3m	-8.6m	-6.9m	-5.1m	-3.4m	-1.7m	0.0m
Base Curve plus 100bps	-11.8m	-10.3m	-8.9m	-7.4m	-5.9m	-4.4m	-3.0m	-1.5m	0.0m
Base Curve less 50bps	-17.4m	-15.2m	-13.1m	-10.9m	-8.7m	-6.5m	-4.3m	-2.2m	0.0m
Base Curve less 100bps	-19.3m	-16.8m	-14.4m	-12.0m	-9.6m	-7.2m	-4.8m	-2.4m	0.0m

Source: Chatham Financial

The M2Ms in the tables above have been calculated by Chatham Financial using the following assumptions:

- The base curve used is that of 14 September 2011 at 4pm; any movements in rates will affect the valuations above;
- The forward rates used are mid market; and
- The base curve shifts are assumed to be parallel shifts with minimum forward rates of 0.

Alburn Real Estate Limited ("**Alburn**") gave a short presentation, a summary of which is below:

By way of background, Alburn made the following points:

- Following the original LTV breach, Alburn introduced collateral, in the form of cash and a property, to cure the breach;
- Following the 2009 restructuring, surplus cash has not been released to the Borrower: and
- In 2010, Alburn invested cash to put forward a tender offer to bondholders, which received the following level of acceptances; A: 52.6%, B: 89.8%, C: 84%, D: 68%, E: 0%.

Alburn considers that there are three options in relation to the portfolio on the way forward.

i. Restructure until 2016

Alburn's view is that on a 5 year exit, a minimum valuation of £160M is a realistic prospect. This is achieved by a combination of factors not least an improvement in the market, active management and case by case exit structures to maximise value.

This is Alburn's preferred recommendation. Alburn bases its view on:

- Its experience over the last 35 years of the UK property market;
- The small level of bad debtors and the robust nature of the portfolio;
- The current replacement costs of the properties being greater than the total value of all debt;
- The benefit of receiving portfolio income over a five year period;
- Alburn's strong continued commitment to stay with the portfolio to ensure that all bondholders are given a return in respect of their bonds, the continued payment to bondholders of interest and the ultimate capital payment at the end of the 5 year period; and
- The benefit of not incurring swap break costs because no sales are made prior to 2013.

ii. Sell the portfolio

Alburn discussed the CBRE scenario where a majority of assets are sold immediately and the remainder are managed and disposed of over the following four years. Alburn noted that the following needs to be taken into account by noteholders in this scenario:

- Swap breakage costs will be incurred in relation to the assets sold immediately;
- The assets to be sold later may be difficult to sell if the market is weakening and there is greater competition from other secondary offerings from banks such as Lloyds, RBS, HBOS and NAMA; and
- Alburn considers that there are limited buyers for a portfolio of this nature at present and that a failure to sell the portfolio could taint the assets going forward, which would affect tenant negotiations and future sale prospects.

iii. Liquidate the portfolio

Alburn is of the view that in the case of an administration, the asset values would be negatively impacted, swap breakage costs would be incurred as assets are sold and there would be costs in relation to the administration and legal costs. Alburn estimates that the total recovery for the A Noteholders would be c. 60% of the outstanding debt and considers this the least attractive scenario.

Alburn continues to manage the assets and is in discussions with tenants on a number of leases. Alburn noted that they have successfully managed the portfolio for the last 4 years, have continued to make all interest payments to date, paid consent fees to the bondholders and made equity injections. While Alburn are still committed to the portfolio they request that they are paid fees going forward and incentivised to come up with solutions in the best interests of all the bondholders. Alburn request that bondholders fully engage in a realistic restructuring process to ensure the best possible outcome for all the various parties. Alburn encourage the formation of a

Steering Committee and asked that matters move forward quickly as they continue to manage the portfolio in difficult circumstances.

A Noteholder asked the following question of Alburn "How much did Alburn propose to demand in fees for the continued management of the portfolio if Noteholders opt to restructure". Alburn responded that they would request £500,000 p.a. in management fees and additionally would seek to negotiate incentivisation fees. They also requested the return of £1mln which was spent on the failed tender in 2010/2011.

CBRE gave a presentation which provided a summary of the portfolio, a macro-level strategic view of the UK market and its views of potential exit values for the portfolio in the following three scenarios:

(i) Full disposal within 6 months: £121.22mln
(ii) Hold all assets and dispose in 2016: £122.36mln
(iii) Sell down all assets by 2015 (80% by value within 6 months): £140.43mln

A copy of the CBRE Presentation is available on Bloomberg and also on www.brookland.com/deal/alburn-real-estate-capital-limited/

Noteholders are invited to contact either the Loan Servicer or Brookland Partners if there are any questions.

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27 September 2011

This Notice is given by:

ALBURN REAL ESTATE CAPITAL LIMITED as Issuer

This announcement has been issued through the Companies Announcement Service of the Irish Stock Exchange.