



TRITO INVESTMENTS FUND LTD

INVESTORS

QUARTERLY NEWSLETTER

PERIOD ENDED

31 DECEMBER 2004

**Prepared by: Corovest Fund Managers Limited
("CFM" or "The Fund Manager")**

1. **Background**

Trito is a mutual fund registered in the BVI, focussed on investment in real estate assets.

The fund has a year-end of 30 September, making this the first quarterly report for the 2005 financial year.

2. **Performance for 12 Months to 31 December 2004**

The net asset value of the fund was £4.64m at 31 December 2004. This equates to a value of £135.36 per "A" share and £100.00 per "B" share (ex dividend).

A dividend of £2.00 per "B" share was declared on 31 December 2004.

The fund achieved a total return for the 12 months to 31 December 2004 of 19.83% with a total return for the quarter of 1.53%.

On completion of the transactions set out in section 3.3 and 3.4, Trito will have a net asset value of over £6.30m with gross assets of over £30.0m

3. **Highlights of the Past Quarter**

3.1 **Banstead**

Trito completed the acquisition of a 50% stake in Banstead Property Holdings Limited ("BPHL") on 9 November 2004. BPHL is the special purpose vehicle set up to own the property: 98 – 100 Main Street, Banstead.

The gross purchase price of the property was £1.7m, with senior debt of £1.05m secured from Yorkshire Bank. Trito invested equity of £325,000.

The building comprises 2 ground floor shops and two floors of offices above the shops. The offices are let to Tesco (until 2020) and Countrywide Estate Agents (until 2007).

The intention is to convert the offices to residential and sell off the individual units. An architect's impression is shown below.



3.2 Newport

On 19 November 2004, Trito acquired an effective 37.5% in 1-9 Upper Dock Street and 18-29 John Frost Square, Newport, Wales.

The investment comprises two 125 year ground leases from the Newport City Council, which fall within the Newport Re-development area.

Trito's joint venture special purpose vehicle, Modus Corovest (Newport) Limited has been selected as one of 5 preferred bidders to undertake the overall redevelopment project on behalf of the Newport City Council.

Formal bid proposals were submitted on 24 January 2005. The preferred bidder is expected to be announced by the end of March 2005. The development needs to be completed in time for the 2010 Ryder Cup which takes place in Newport.

3.3 Kwik-Fit Portfolio

The board of Trito has approved an investment into a portfolio of 26 Kwik-Fit service outlets throughout the United Kingdom.

The total value of the transaction equates to £14.55m. Debt of \pm £11.4m has been raised from Norwich Union, resulting in an equity contribution of £3.15m. Trito will acquire 50% of the portfolio through the special purpose vehicle Trito Kwik-Fit Limited. The initial yield is 6% with guaranteed rental uplifts of 5.15% (or market rental if higher) every 5 years.

A 25 year lease is in place with Kwik-Fit (UK) Ltd with interest on the mortgage debt being fixed at 6.37% for 25 years.

The transaction is expected to complete at the end of January 2005.



Kwik-Fit Hamilton

3.4 Petersfield

The board of Trito has approved the acquisition of a 50% stake in a retail and office property located in Petersfield, Hampshire, UK. The gross purchase price amounts to £2.8m with Trito's equity investment being £550,000 (60% gearing).

The due diligence process is currently taking place. Completion is expected by the end of February 2005.



4. **Future Prospects**

With the recent additions to the Trito portfolio, the Fund Manager is satisfied that sufficient diversity (in terms of geographical spread and tenant risk) has been achieved to limit the potential damage that any short term default would create.

In the medium to longer term, the development projects in the pipeline in Crewe (see below), Newport, Swansea and Banstead are expected to give significant boosts to ongoing returns.

With the interest rate environment in the UK remaining benign, property is expected to continue to perform positively as it has done for the last number of years.

The re-development of Crewe is on track with planning permission expected to be granted by the third/fourth quarter of 2005. The latest Ground Floor layout is attached as Annexure A.

5. **Further Information**

Full information on existing and future investment projects can be obtained from the Fund Manager. Contact either Peter Todd on +1 284 494 9820 and email peter@osiritrust.com or Mike Watters on +44 207 389 8840 and email mwatters@corovest.co.uk. Alternatively contact Tracy Savides on email tsavides@corovest.co.uk.

