



Seven Dials European Property Fund

Q4 2011 Update

1. NAV* Movements in the three months to Dec 2011

*Please note that the NAVs reported below are indicative only. The Fund has suspended dealing and the official calculation and publication of net asset values.

We report falls of around 7.5% in the Fund NAVs in the quarter to 31st December 2011.

Fund NAVs as at 31st December

| Share Class | Bid NAV | Sep 11 NAV | Dec 10 NAV |
|-------------|---------|------------|------------|
| A | 5.27 | 5.69 | 5.71 |
| B | 5.37 | 5.79 | 5.79 |
| C | 5.41 | 5.83 | 5.82 |
| R | 5.10 | 5.52 | 5.54 |
| P | 5.19 | 5.61 | 5.61 |

2. Performance Analysis

The falls in the indicative NAVs reflect a fall of around 6% in the net asset value of the Nordic Aktiv holding, and a fall of around 16% in the net asset value of German Aktiv.

Nordic Aktiv

Over the quarter, the NAV of the Nordic Aktiv Fund fell by around 6%, largely as a result of a small fall in the gross value of the property assets since the last valuation in June 2011.

The Manager of the Nordic Aktiv Fund has been reasonably successful in letting vacant space over the last quarter but the incidence of new voids has exceeded the total lettings, resulting in a net increase in the voids in the portfolio. The valuation fall reflects this slightly weaker income profile together with minor movements in valuation yields.

Asset sales were difficult to achieve in the second half of the year as the turbulence in the Eurozone led to the withdrawal from the market of potential buyers, either because of a lack of finance, a reluctance to increase risk or a combination of both. Whilst the general



investment climate appears to have stabilised since the year end, only gradual improvement in sentiment towards more secondary assets can be expected.

The fall in valuation and lack of sales has put pressure on the LTV of the Nordic Aktiv Fund, which has barely moved over the year at 72%. Further sales will be required in 2012 to manage the debt position down.

German Aktiv

As the holding in German Aktiv Fund has been sold earlier this month the indicative NAVs of the SDEPF have been calculated using the sale value. The sale value was c 16% below the last NAV of the German Aktiv Fund.

3. Outlook

The downturn in sentiment in the last quarter has meant a weak end to the year for the Nordic Aktiv Fund. However, the German Aktiv position has now been sold and this is a positive step for the Seven Dials European Property Fund.

As previously explained, the Board has been working on the preparation of a proposal to present to shareholders as to the future options for the Fund. It is hoped that this proposal will be forthcoming before the end of the first quarter or as soon as possible thereafter.

Contact

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