



Seven Dials European Property Fund

Q4 2012 Update

1. NAV* Movements in the three months to December 2012

*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.

The NAVs are based on the net asset value of the underlying investment (Nordic Aktiv fund), as reported to us by the manager. The Fund NAVs have fallen by approximately 18% in the quarter, reflecting a significant write down in the value of the underlying property portfolio of Nordic Aktiv. Given the low nominal value of the Nordic Aktiv fund, no liquidity discount has been applied this quarter.

Fund NAVs as at 31st December

Share Class	Bid NAV	Sep 12 NAV
A	3.44	4.21
B	3.55	4.32
C	3.58	4.36
R	3.31	4.06
P	3.41	4.16

2. Commentary

Nordic Aktiv

The lending banks to Nordic Aktiv appointed Jones Lang LaSalle (JLL) to re-value the portfolio at the end of 2012 as part of their due diligence for the impending re-financing. The valuation was 26% below the value as at December 2011, reflecting the very difficult conditions for secondary property in the region. This valuation means that the net asset value of the holding in this fund has fallen to around €800,000.

JLL was also asked to provide a view on the realised value of the Nordic Aktiv property portfolio over a phased sale basis and this figure was 20% above the end of year valuation. An increase of 10-20% in the realised value of the property portfolio could increase the value to the Seven Dials European Property Fund by €2-3 million.



With the re-financing hanging over the Nordic Aktiv fund the short term outlook is highly uncertain but there is a reasonable prospect for a material improvement from the current position after the refinancing has been completed, which it is anticipated will happen later this year. The banks will most likely force the pace of asset sales in advance of the scheduled termination date in 2016 and this may result in a faster realisation of the remaining equity capital to Nordic Aktiv's investors.

3. Outlook

As previously explained, the Board and the Manager are actively exploring options available to the Company following the rejection by shareholders of the re-structuring proposal put forward in September 2012. In this regard it is anticipated that a Circular will be issued to shareholders within the next two weeks.

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