Seven Dials European Property Fund

Q1 2012 Update

1. NAV* Movements in the three months to Mar 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.

We report no material change in the Fund NAVs in the quarter to 31st March 2012.

Fund NAVs as at 31st March

Share Class	Bid NAV	Dec 11 NAV
A	5.26	5.27
B	5.37	5.37
C	5.41	5.41
R	5.08	5.10
P	5.19	5.19

2. Performance Analysis

The unchanged NAVs reflect the fact that the Nordic Aktiv portfolio has not been re-valued this quarter.

Nordic Aktiv

On the occupier side, the void in the Nordic Aktiv property portfolio has remained stable, with rent from 66 new leases in the first quarter being offset by leases lost over the quarter. Sweden, where the fund has 64% of its assets, is faring better than many other European countries and voids in Stockholm are at their lowest level for 10 years on prime property.

In the investment market, the difficult market conditions for more secondary assets, has led to the manager being unable to achieve the sales targets it had for 2011. The constrained availability of debt finance is considered to be the single most significant reason that targeted sales have failed to be realised. The shortfall in sales has in turn led to pressure on the LTV which has not been reduced as much as was planned. The existing loan facility expires in December 2013 and so the discussions over re-financing have commenced. This process will not be simple but will be made easier if some sales can be achieved over the course of 2012.

Notwithstanding some near term challenges for the Nordic Aktiv Fund, it is hoped that its well diversified portfolio and majority exposure to Sweden will enable it to weather the difficult market conditions, secure a refinancing deal and ultimately return value to investors.

3. Outlook

In the short term, the increased turmoil in the eurozone is not good news for European property markets as it will lead, at best, to the perpetuation of the high level of risk aversion exhibited by institutional investors and the restriction of the availability of debt finance. The problems will be worked out eventually but it seems likely that, outside of prime, the European property markets will remain difficult for some time to come.

As previously mentioned, the Board has been working on the preparation of a proposal to present to shareholders as to the future options for the Fund. Unfortunately development of these plans has been slower than envisaged although it is still hoped to bring forward a proposal in the coming months.

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