



Seven Dials European Property Fund

Q1 2010 Update

1. NAV* Movements in the three months to March 2010

*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 almost no change in the Fund NAVs in the quarter to 31st March 2010. These NAVs are based on the end of year property valuations.

Fund NAVs as at 31st March

Share Class	Bid NAV	Dec 09 NAV
A	6.14	6.13
B	6.19	6.17
C	6.22	6.19
R	5.97	5.96
P	6.02	6.00

2. Performance Analysis

As previously explained, during 2009 the Manager estimated the Fund NAVs based on the assumption that the property assets in the underlying funds were falling by 10% p.a. or 2.5% per quarter. The actual outturn was close to this assumed change in value.

In the UK, the property indexes have shown increases in value over the first quarter. In Europe similar quarterly data are not available. However, there is strong evidence that in recent months values of primes assets in Western Europe have stabilised or increased and there is strong competition for the best assets. There is less evidence with regard to secondary property but overall it seems that markets have stabilised. Against this backdrop the Manager does not consider that applying a fall in property values is any longer necessary.

Nordic Aktiv

The re-financing of the loan facility to the Nordic Fund is progressing through the normal stages of the credit approval process. Our previous estimate of completion by the end of



the first quarter has proven optimistic but there is no delay as such; it is simply that such procedures take time.

In terms of underlying property performance, there is little to report at this stage. We will have an update from the Manager at the next investor meeting in early June.

German Aktiv

As with the Nordic Fund, there is little new information on the underlying performance at this juncture. There will also be an investor meeting on German Aktiv in June and the Manager will provide an update following those meetings.

3. Outlook

The strong improvement in the UK market has clearly been followed by a marked improvement in values of prime assets in Western Europe. This is good news for the outlook for European property in general. A number of large institutional investors are once again becoming active in Europe and many funds are believed to have cash to invest. This environment does not necessarily herald a general increase in prices as much of the money is thought to be chasing so-called distressed assets or distressed sellers. However, the investment environment is much healthier than it was.

Against this backdrop, Seven Dials European Property Fund is considering all possible options to provide investors with a solution to the current suspension. Such options include raising new money to increase the size of the fund, the sale of assets to provide liquidity as well as a possible merger with another similar fund. None of these options offer an easy way forward, and some would require shareholder approval, but it is hoped that the improving investment market will lead to an acceptable solution in due course.

Contact

Brett Robinson
brett.robinson@7dials.com

Tel: 020 7408 4752
Seven Dials Financial
6 Brook Street
London W1S 1BB