

SYCAMORE IV MEZZANINE FINANCE FUND

AN OPPORTUNITY TO TAKE ADVANTAGE
OF THE LACK OF FUNDING AVAILABLE
TO PROPERTY DEVELOPERS

The Sycamore IV Mezzanine Finance Fund (the 'Fund') gives private sophisticated investors the opportunity to benefit from assisting experienced property developers to fund the development process to the extent they could before the current downturn.



FUND FACT SHEET
DECEMBER 2010

KEY INVESTMENT INFORMATION

As we move towards the bottom of the property market, experienced property developers will be looking to fund new residential development projects. However, they will not be able to raise the same bank funding as they did prior to the downturn. This means that they have to find more of their own money or use mezzanine finance to fill the gap. The Fund takes advantage of this by filling that gap. This funding is expensive for the Developer and typically takes around 50% of the profit from a Project. Without mezzanine finance they would not be able to carry out any developments at all so the use of mezzanine finance is the only way they can progress their businesses.

When the economic situation improves the use of smaller amounts of working capital over a number of Projects coupled with mezzanine funding can generate higher profits for the Developer. If the use of mezzanine finance allows a Developer to fund three Projects instead of one it is clear they can increase profits dramatically and also reduce risk should one of the three get delayed or encounter problems.

TERM OF FUND	3 years from final closing date	DISTRIBUTION POINT	After 18 months: on completion of individual projects thereafter
FUND SIZE	£10,000,000	MINIMUM INVESTMENT	£15,000
TARGET RETURN	Anticipated 15% pa, Hurdle rate of 10%	LAUNCH DATE	November 2009

KEY INVESTMENT INFORMATION

3 Year Fund (from final closing date) with a minimum investment £15,000.

Targeted 15% pa with distributions after 18 months following fund close.

A closed ended and tax transparent structure using a UK Limited Liability Partnership.

The Directors of the Asset Manager have considerable experience in the residential property sector dealing with developers and development finance issues.

A hurdle rate equivalent to an IRR of 10%, above an IRR of 10% profits will be split 60/40 between the Investors and the Asset Manager.

Available via Ascentric, Honister Capital, Nucleus, Tennet Connect (approval on a case by case basis), Three Sixty Services (reports available), Transact Nominees.

KEY PROJECT CRITERIA

The Developer is experienced and has a solid track record.

Minimum input from the developer of 10% of cost.

The Project is scheduled to take no more than 2 years and shows a return as a percentage of GDV of at least 20%.

Minimum interest charge 6 months.

The minimum investment from the Fund will be £100,000 and the maximum £750,000.

Personal guarantee from the Developer if necessary.

Second charge on the project behind senior debt with step-in rights.

There must be a deed of priority between the primary lender and the Fund.

Initial assessment of the Project by independent quantity surveyor.

Projects will be monitored monthly by our own chartered surveyor.

RECENTLY SIGNED PROJECT EXAMPLE

The project consist of 8 houses and 6 apartments in Dorking Road, Chilworth. They have been pre-sold to an RSL (Registered Social Landlord).

Project outline:

Project Length of 18 months with a GDV of £3.8m

Mezzanine Required £370k – A loan at an agreed rate of 40% pa Bank (Primary Lender) is Close Brothers with an input of £1.8m

Input from the Developer of £750k

Guarantee from the developer of £150k

TAX POSITION

This Fund qualifies for Entrepreneurs Relief and Business Property Relief (BPR).

This Fund is NOT a tax mitigation fund or a "loss creation / offset" Fund. Potential investors should seek their own tax advice.

Operator & Trust Manager	Gallium Fund Solutions Limited	Asset Manager	PM Asset Management (Fund IV) Limited
Tax Advisor	Baker Tilly Tax & Accounting Limited	Auditors	Baker Tilly UK Audit LLP
Trustee	Royal Bank of Canada Trust Corporation Limited	Funding Advisor	Barstow Associates Limited
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