

## The Sycamore IV Mezzanine Finance Fund LLP

### Fund Update – Spring 2013



Following the strong performance of the Fund in 2012, we are delighted to announce a second distribution will be paid following the approval and release of the April 2013 accounts. We are also delighted to announce that the recent vote to extend the life of the Fund for a further 3-year term was approved and we would like to thank you for your continued support.

### Performance

Since its launch in 2010, the Fund has performed in line with our strategy and a first distribution of 10% was made following the approval of the 2012 accounts. With the life of the Fund now being extended for a further 3-year term, I am confident that we will be able to achieve the following targeted distributions:

	2012	2013	2014	2015	2016	2017
Actual / Projected Returns	10%*	12-14%	12%-15%	12%-15%	12%-15%	12%-15%

\*Distribution made Jan2013

We work closely with our Funding Adviser, Barstow Associates, to secure not only the best possible deal for the Fund, but to ensure that we have reduced risk as much as possible. This includes ensuring that we receive an input from the developer that is as close, if not matching to the amount of mezzanine finance that we are lending. We also work hard to ensure that we have a strong working relationship with the developer so that, once the loan has been repaid and they are looking forward to their next build, we become their first choice for mezzanine finance.

### Project Update

#### Dorking Road, Chilworth, Surrey - 8 Houses and 6 Apartments

**Current Status:** Three remaining units to be sold. Capital now repaid and remaining interest being charged at 25% per annum.

- Project length 18 months, GDV of £3.8m
- Mezzanine required £370k
- Secured at a rate of 40% pa
- Bank: Close Brothers input of £1.8m
- Input from developer of £750k
- Personal guarantee from the developer of £150k

#### Wychewood Estate, Horsham, West Sussex - 10 Apartments

**Current Status:** Last four units remain. United Trust will be fully repaid in June 2013, leaving our capital and interest on a first charge basis.

- Project length 12 months, GDV of £3.1m
- Mezzanine required £425k
- Secured at a rate of 40% pa

- Bank: United Trust Bank input of £1.68m
- Input from developer of £500k
- Personal guarantee from the developer of £250k

#### **Swanage, Dorset - 10 Apartments**

**Current Status: Loan fully repaid**

- Project length 15 months, GDV of £4.2m
- Mezzanine required £450k
- Secured at a rate of 35% pa
- Bank: Close Brothers
- Input from developer of £450k
- Personal guarantee from the developer of £200k

#### **NEW PROJECT – May 2013**

**Whitstable, Kent – 2 x 4-5 Bed Houses**

**Current Status: New loan**

- Project length 15 months, GDV of £2.9m
- Mezzanine required £600k
- Secured at a rate of 30% pa
- Bank: Close Brothers - £1.5m
- Input from developer of £231k
- Personal guarantee from the developer of £600k

#### **Future Projects**

With the Fund Extension now approved, we are delighted to announce that we have already signed one new loan and have a number of other potential follow on loans under review. These will replace the existing loans once repayment is complete and we expect these to perform in a similar fashion to the current portfolio, thereby producing similar returns. All of these projects are expected to be loaned out at an interest rate of 30-35% per annum

**Mark Yadegar**

**Managing Director, PM Asset Management Ltd**

#### **Important Notice**

The following information is limited to general information about the Sycamore IV Mezzanine Finance Fund ("Fund"). It does not constitute investment advice and is directed only at persons who fall within an exemption under The Financial Services & Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and/or under the FSA's Conduct of Business Sourcebook, Section 4.12. The information does not amount to an invitation or inducement to buy or sell an investment nor does it solicit any such offer or indication in any jurisdiction other than the UK. This material is only directed at persons who are resident or ordinarily resident in the UK. No part of this document may be reproduced by any means, whether graphically, electronically, mechanically or otherwise, without the prior permission. Investment in the Fund carries substantial risk and investors could lose the whole of their investment. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time.