



Asset Managers Report Year Ended 5 April 2012

26th September 2012

The Sycamore V Property Development Fund

The Fund had raised £1.5M as at the 5th April 2012.

In line with the Information Memorandum it is our intention to pursue a varied portfolio of projects to spread risk and utilise cash effectively.

Current Strategy

UK Residential Property is the UK's largest asset class. Historically, residential property has outperformed all other major asset classes – including commercial property – and is estimated at over £4 trillion which is more than the combined total of UK equities and commercial property.*

As residential property does not follow the performance of other assets such as cash and equities (stocks and shares) performance is not linked to the performance of equities. As such it is often a favoured asset class to diversify an investment portfolio.

*Source: Office for National Statistics, Savills

The current property market conditions continue to represent a very good opportunity for the fund to acquire land, options and projects in a number of areas in the UK. There are however challenges in the current climate for the disposal of completed units. The disposal of sites with planning is challenging but with the level of contacts we have with the major house-builders we have a receptive audience once we have achieved planning on a site.

Land Acquisition

Land options and Joint Ventures continue to become available as liquidity is still an issue for most house-builders and smaller developers. The funds reputation is growing in this arena and we are being continually presented with a wide range of opportunities.

Residential Development

In the current climate we are not pursuing any residential development projects at this point as the disposal of completed units is very slow and it is not considered a sound strategy to tie up fund cash in finished product.

Projects in our portfolio

The project summaries below are based on the May 2012 summary project information table shown below this narrative.

JV with Aquarius Land for a Student Accommodation Option in Bristol – Planning permission was successfully achieved on the site for 130 student bed accommodation in December 2012. On grant of planning, it was decided that we would sell the site to relevant developers as the funding market for such schemes had become increasingly difficult to obtain and the exit, with the level of debt, was not considered sufficient against the risk to the fund. Unfortunately, the JV partner did not then ensure that the scheme was implementable which

caused the asset manager to intervene and purchase of the site outright. However, the asset manager had already identified and commenced discussions with a developer for the acquisition of the project, and subsequently agreed and sold the site on in August 2012.

As a result of the failure to perform we are currently taking action against the JV partner to ensure that the profit share is not paid. This will mean that the return on capital employed will increase substantially for the fund. The project was budgeted to achieve a return of £175k, a return on capital employed of 63%. With the removal of the partner profit share this will increase to £225k+ a RoCE of 100%+. Final figures will be published once the claim against the JV partner has been settled.

JV with Urban Parkland Developments in Essex – Due to a delay in the completion of their fund raising activity, we have given the JV an extension to their loan as they are confident they can still achieve their objective. As the loan is supported by personal guarantees from each of the three directors, we are happy to continue with this agreement. Currently the project will achieve a very creditable return of in excess of 70% Return on Capital Employed based on the original investment of £85k.

Summary

The fundraising period for the fund has been extended and will close on 31st December 2012. We are pleased with the performance of the projects which has seen the underlying NAV achieve a higher position than the original plan. We are now identifying a number of further projects in which to invest the project returns and final investment raised and, at this point, are satisfied that the projected returns will be achieved across the life of the fund.

We will continue to publish the periodic updates throughout the year to inform investors of the current project achievements.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Mark Yadegar', with a stylized, cursive script.

Mark Yadegar
Managing Director
PM Asset Management (Fund V) Limited