

Sycamore II Property Development Fund Update

March 2012



The current audited Net Asset Value 'NAV' as at the 5th April 2011 is 79.9%. The audited value can be adjusted conservatively for profit within the projects in work in progress in the balance sheet it is nearer 90%. The NAV is always expected to be low for the first couple of years as each project's potential profits are not realised. As a result of accounting policies, profit in the Funds' current projects cannot be shown until the profit has been realised, i.e. the planning permission is received. The projected profit in the current projects is approximately £1m which will bring the NAV back towards 100%. The unrealised potential profit is largely made up across the following projects, Sandhurst School (£175k), Sutton Scotney (£250k), Shoreham (£200k) and Storm Land JV project (£220k).

Worthing School: As a result of the current housing market conditions, we are seeking to get our money out of the Worthing project asap as we have suffered severe delays in selling the first two units.

Shoreham: Upon all the sites selling on the Worthing project we anticipate work to commence on the final four units shortly following their change of use planning application being approved last year. As you may recall, this is the last stage of this project which saw the recoupment of our initial capital outlay following the sale of the 8 refurbished apartments.

Cuckfield House: Following the successful planning application to convert this Grade II listed building from offices back to residential, we are pleased to announce that the sale of Cuckfield House was completed in early January with the property being sold for £1.15M and a Return on Capital Employed (RoCE) of 27%.



Burgess Hill, West Sussex: Building works are progressing according to schedule and on budget. We are estimating a completion date of late summer 2012. This project is to provide 4 x new build, single storey, and special needs housing, the project requires approximately £650,000 and will give an estimated return of £1,100,000, which is an estimated annualised RoCE of 50%.

Sutton Scotney: We have recently received some recent news on the Sutton Scotney project which is looking to gain planning permission in May. We have received offers from 5 major property developers to purchase this project from us upon planning being successful and we have accepted one of the offers.

As you can see we have significant unrealised profit in the balance sheet which when realised will increase the NAV. We have managed to achieve this largely due to the early investment in projects as we went through the fund raising process. We are still on target for our distributions in line with the Information Memorandum.

Mark Yadegar

Managing Director, PM Asset Management Ltd

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Spring 2012