UCP PLC

Half-Yearly Report

For the six month period ended
30 September 2015

Contents

Chairman's Statement

Introduction

It is now over a year since the Company sold its entire interest in Candor, the Company's wholly owned subsidiary and holding company for all UCP's property interests in India. This led to an initial distribution to shareholders of 49.25 pence per share on 9 January 2015. At the time of the disposal of Candor we thought that a period of 12 months from completion could be sufficient to complete the return of capital to shareholders and for the Company to enter into a members' voluntary winding up. However, the process to recover UCP's share of certain funds, amounting to 1.57 billion Rupees (£15.8 million) at the date of completion, which had been placed by two of the project SPVs with Indian financial institutions, continues. We note the useful changes to the Indian Arbitration Act which came into force in October 2015. This recovery process remains the key factor determining the length of the future life of the company and the amount and timing of further distribution(s) to shareholders.

Change of Company name

At the AGM on 11 November 2015, the shareholders approved the change of the Company's name from Unitech Corporate Parks PLC to UCP PLC.

Recovery of deposits from SREI and ATEN; losses caused by Nectrus

As referred to above, £15.8 million was the sterling value at the date of the Candor sale of its indirect interest in the deposits placed by two of the project SPVs with Indian financial institutions SREI and ATEN (which includes ATEN PM and ATEN Capital) which had not been repaid as due. The sale and purchase agreement governing the sale of Candor provided that this amount be deducted from the Candor proceeds and set outa mechanism by which the recovery of the deposits is to be pursued and the sums recovered ultimately paid to UCP.

The recovery is being actively pursued through multiple avenues, including the Indian arbitration process prescribed under the agreements and with the appropriate regulators. A claim for damages has also been notified to the Company's former investment manager Nectrus for £18.2 million, which comprises the £15.8 million deducted from the sale proceeds, plus an estimate of the total costs associated with recovery of the funds. These costs arise in Rupees and Sterling, and, as is the case with any legal action, it is impossible to forecast these with precision. The Board believes the placing of the deposits represented breaches by Nectrus of the investment management agreement with inter alios the Company, and accordingly it withheld £18.2 million from funds otherwise payable to Nectrus pursuant to the shareholder distribution in January 2015.

The amounts due to UCP in relation to the project SPV funds are recognised as a contingent asset of up to £17.8 million (being the Rupee value of Candor's interest in the deposits plus estimated interest and foreign currency movement up to 30 September 2015 amounting to 1.75 billion Rupees in total). Note 7 sets out further information on the recovery of the project SPV funds. Given that the claims are ongoing, we are not in a position to provide further detail save to say that all efforts are focused on the recovery of these funds.

Provision for run-off costs

The interim financial statements contain a provision of £2.3 million to cover the future anticipated running costs of the Company, including legal fees and costs relating to a winding up. The actions to recover the deposits in India have the potential to be subject to delays and unanticipated procedure developments, and therefore the actual future costs may differ significantly from the amounts estimated in the provision.

Update on Indian tax

UCP had reserved £4 million in cash for a potential Indian tax liability in its calculation of the amount available for distribution in January 2015. We continue to be advised that no tax is payable on the disposal of Candor, but tax filings in India are nevertheless required. The tax return has now been filed. The official confirmation of a nil assessment has not yet been received and we have no information as to how long this will take. Assuming the nil assessment is confirmed, this £4 million cash would be available for distribution to shareholders.

Trading on AIM

Since it has been more than 12 months from the date of completion of the sale of Candor, the Company's shares were suspended from trading on AIM on 5 November 2015. The Company's administrator, FIM Capital Limited ('FIM'), has agreed to provide a service to assist in providing liquidity for shareholders through matched bargains. FIM is regulated by the Isle of Man Financial Services Authority and the UK Financial Conduct Authority. Any shareholder interested in trading in the Company's shares should contact FIM and lodge an expression of interest. FIM will thereafter introduce buyers and sellers to each other as appropriate, with trades to be effected off-market.

Further distribution to shareholders

Our cash position as of 30 November 2015 was £26.0 million. We intend to continue to implement our stated strategy of actively pursuing recovery of the deposits from SREI and ATEN, maintain our claim against Nectrus and possibly commencing actions against other parties (where appropriate), closely monitoring our costs, eliminating unnecessary expenses and ultimately return the residual capital to shareholders.

Donald Lake
Chairman
14 December 2015

Company Statement of Comprehensive Income

	Notes	Unaudited Six months ended 30 Sep 2015 £ '000	Unaudited Six months ended 30 Sep 2014 £ '000	Audited Year ended 31 Mar 2015 £ '000
Income				
Interest income on cash balances		36	1,143	65
		36	1,143	65
Expenditure				
Operating expenses	3	935	842	2,323
Change in provision for run-off costs	4	(700)	(550)	1,250
		235	292	3,573
Operating (loss)/profit for the period		(199)	851	(3,508)
Change in value of assets held for sale		-	(2,183)	(1,138)
De-recognition of other receivables		-	-	(14,624)
Loss for the period before tax		(199)	(1,332)	(14,624)
Current tax expense		-	-	-
Loss for the period		(199)	(1,332)	(19,270)
Other comprehensive loss				
Foreign currency translation differences for foreign operations		-	-	-
Other comprehensive loss for the period net of income tax		-	-	-
Total comprehensive loss for the period		(199)	(1,332)	(19,270)
Basic and diluted loss per share	5	(0.06)p	(0.37)p	(5.35)p

The notes form an integral part of these financial statements.

Company Statement of Financial Position

	Notes	Unaudited 30 Sep 2015 £ '000	Unaudited 30 Sep 2014 £ '000	Audited 31 Mar 2015 £ '000
Assets				
Current assets				
Assets held for sale and associated liabilities		-	186,597	-
Trade and other receivables		14	89	16
Deposits and investments		-	15,762	-
Cash and cash equivalents	6	26,242	344	27,200
		26,256	202,792	27,216
Total assets		26,256	202,792	27,216
Financed by:				
Equity and liabilities				
Capital and reserves				
Share capital		3,600	3,600	3,600
Distributable reserves		2,041	197,478	2,240
Total equity		5,641	201,078	5,840
Current liabilities				
Trade and other payables		146	514	207
Distribution payable	9	18,169	-	18,169
Provision for run-off costs	4	2,300	1,200	3,000
Total liabilities		20,615	1,714	21,376
Total equity and liabilities		26,256	202,792	27,216

The notes form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 14 December 2015 and signed on their behalf by:

Donald Lake
Director

Nicholas Sallnow-Smith
Director

Company Statement of Changes in Equity

	Share capital	Distributable reserves	Total
	£ 000	£ 000	£ 000
Balance at 1 April 2014	3,600	198,810	202,410
Loss for the period	-	(1,332)	(1,332)
Total comprehensive loss for the period	-	(1,332)	(1,332)
Balance at 30 September 2014	3,600	197,478	201,078
Balance at 1 October 2014	3,600	197,478	201,078
Profit for the period	-	(17,938)	(17,938)
Total comprehensive loss for the period	-	(17,938)	(17,938)
Distributions to shareholders	-	(177,300)	(177,300)
Balance at 31 March 2015	3,600	2,240	5,840
Balance at 1 April 2015	3,600	2,240	5,840
Loss for the period	-	(199)	(199)
Total comprehensive loss for the period	-	(199)	(199)
Balance at 30 September 2015	3,600	2,041	5,641

The notes form an integral part of these financial statements.

Company Statement of Cash Flows

	Unaudited Six months ended 30 Sep 2015 £ '000	Unaudited Six months ended 30 Sep 2014 £ '000	Audited Year ended 31 Mar 2015 £ '000
Operating activities			
Loss for the period before tax	(199)	(1,332)	(19,270)
Adjustments for:			
Interest income on deposits and investments	(36)	(1,143)	(65)
Change in disposal costs provision	-	215	14,624
Change in value of assets held for sale	-	1,138	1,138
Foreign exchange loss	2	19	21
Operating loss before changes in working capital	(233)	(1,103)	(3,552)
Decrease/(increase) in trade and other receivables	1	(66)	7
(Decrease)/increase in trade and other payables	(59)	302	(5)
(Decrease)/increase in provisions	(700)	(550)	1,250
	(758)	(314)	1,252
Tax paid	-	-	-
Net cash used in operating activities	(991)	(1,417)	(2,300)
Investing activities			
Interest received	36	-	65
Distribution from joint venture	-	-	188,927
Advance from Candor Investments Limited	-	1,000	1,000
Release of disposal cost provision	-	-	(2,115)
Net cash generated from investing activities	36	1,000	187,877
Financing activities			
Distributions paid to shareholders	-	-	(159,131)
Net cash used in financing activities	-	-	(159,131)
(Decrease)/increase in cash and cash equivalents	(955)	(417)	26,446
Cash and cash equivalents at beginning of period	27,200	775	775
Exchange difference on cash and cash equivalents	(3)	(14)	(21)
Cash and cash equivalents at end of the period	26,242	344	27,200

The notes form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

UCP PLC (the "Company") is a closed-ended investment company domiciled in the Isle of Man. It was incorporated on 6 September 2006 in the Isle of Man as a public limited company and is quoted on AIM market which is operated and regulated by the London Stock Exchange.

2. Basis of preparation

This financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS). The financial information included in the interim financial statements has been prepared in accordance with the AIM Rules for Companies and IAS 34 *Interim Financial Reporting*.

The interim financial statements for the six months ended 30 September 2015 should be read in conjunction with the annual financial statements for the year ended 31 March 2015 which have been prepared in accordance with IFRS.

The accounting policies applied by the Company in interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 March 2015.

Critical accounting estimates and assumptions

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The principal risks and uncertainties are consistent with those disclosed in the Company's annual financial statements for the year ended 31 March 2015. Attention is drawn to the recoverability of deposits and investments. (See note 7)

The financial statements have been prepared on the historical cost basis. On 4 November 2014 the Company completed the sale of the entire issued share capital of Candor Investments Limited ("Candor") to an affiliate of Brookfield Property Partners ("Brookfield"). After the distribution of cash generated by this sale the Company is expected to be wound up in accordance with its Investing Policy. In light of this the financial statements have been presented on a non-going concern basis. The assets of the Company have been stated at realisable value and provision has been made for the unavoidable costs of winding up the Company.

3. Operating expenses

Operating expenses comprise of:

	Unaudited Six months ended 30 Sep 15 £ 000	**Unaudited Six months ended 30 Sep 14 £ 000**	**Audited Year ended 31 Mar 15 £ 000**
Administration and accounting fees	105	105	210
Valuation fees	-	3	3
Legal fees	484	371	387
Directors' fees, travel and expenses	214	214	356
Audit fees	17	-	30
NOMAD and LSE expenses	94	101	328
Other expenses	21	47	60
	935	841	2,323

4. Provision for run-off costs

A provision has been made for the estimated unavoidable costs that are expected to be incurred up to and in respect of the winding up of the Company. At 30 September 2015 it was estimated that these costs, consisting primarily of legal costs associated with the recovery of the funds described in note 7 and including general running costs of the Company and certain contingencies, are likely to be £2.3 million (31 March 2015: £3 million).

5. Basic and diluted loss per share

	Unaudited Six months ended 30 Sep 2015	**Unaudited Six months ended 30 Sep 2014**	**Audited Year ended 31 Mar 2015**
Loss attributable to owners of the Company (£'000)	199	1,332	19,270
Weighted average number of ordinary shares in issue (number in thousands)	360,000	360,000	360,000
Basic loss per share	0.06p	0.37p	5.35p

There is no difference between the basic and diluted loss per share.

6. Cash and cash equivalents

The Company's cash and cash equivalents are held with two major global banks and are analysed as follows:

	Unaudited Six months ended 30 Sep 15 £ 000	**Unaudited Six months ended 30 Sep 14 £ 000**	**Audited Year Ended 31 Mar 15 £ 000**
Short-term deposits	26,208	-	27,150
Current accounts	34	344	50
	26,242	344	27,200

7. Contingent assets

At the time of completion of the sale of Candor to an affiliate of Brookfield Property Partners (Brookfield), funds placed by two of the project SPVs with Indian financial institutions SREI and Aten had not been repaid as due despite demand. Accordingly, £15.8 million was deducted from the consideration payable by Brookfield and certain provisions of the sale and purchase agreement relating to the sale of Candor (SPA) came into effect.

The project SPVs, Unitech Developers & Projects Limited (UDPL) and Unitech Realty Projects Limited (URPL), had placed funds with SREI Infrastructure Finance Limited (SREI), Aten Capital Pvt. Limited (Aten Capital) and Aten Portfolio Managers Services Pvt. Limited (Aten PM). The amounts were deposited or invested in either "inter corporate deposits" or "non-convertible debentures" as follows:

SREI	INR 1,500,000,000	(150 crores)
Aten Capital	INR 30,000,000	(3 crores)
Aten PM	INR 900,000,000	(90 crores)
TOTAL	INR 2,430,000,000	(243 crores)

At the date of completion of the sale of Candor (4 November 2014) the equivalent total in GBP of the amounts deposited or invested, including accrued interest, was £26.3 million. Interest was to have accrued on the balance with SREI at a rate of 10.9% and at a rate of between 16% and 18% on the balance(s) with Aten. UCP's interest in these monies was 60%, reflecting the Company's holdings in the SPVs. At 30 September 2015, UCP estimated its interest to be INR 1.75 billion or £17.6 million (31 March 2015: £17.8 million)

The arrangements with SREI and Aten by the SPVs were not properly reported to, or approved by, the UCP Board, nor were they in accordance with the UCP Board's Treasury Policy and the Investment Management Agreement (IMA) between Nectrus, Candor and UCP. Nectrus has been notified of its breaches of the IMA and a claim for £18.2 million in damages arising from: (i) the non-recovery of the funds, and (ii) current and anticipated costs associated with the recovery. UCP accordingly withheld £18.2 million from the cash return attributable to the shares held by Nectrus pursuant to the distribution in January 2015, pending recovery from SREI and Aten.

Claims have been commenced against SREI and the Aten entities by UDPL and URPL. The SPVs are now both 100% subsidiaries of Brookfield (Brookfield having acquired 60% of each through the purchase of Candor, and the remaining 40% subsequently). Brookfield has undertaken to assist with recovery of the monies, including assisting in these courses of action.

Each of the agreements between UDPL and URPL and SREI and the Aten entities provides for disputes to be determined through arbitration. Arbitration proceedings and/or proceedings in aid of arbitration have been commenced in India, under the Indian Arbitration Act 1996.

To date, none of the Aten entities has put forward an explanation or justification for failing to repay as demanded in 2014. Aten Capital has been required by the Indian Courts, in aid of arbitration, to lodge a bank guarantee in the amount of INR 36,000,000 as security. Aten PM has pleaded that both UDPL and URPL's investments have been held in accounts at IL&FS Securities Services Limited (IL&FS) since September 2014 and it transpires such investments are invested in various private companies.

In response to the action against it, SREI has claimed that it was entitled to offset the monies deposited with it by UDPL (150 crore) against amounts due to it from Unitech Limited (UL) on which UL has defaulted. In addition to this claimed right to offset, SREI is pursuing UL before the Indian Debt Recovery Tribunal (DRT) for a further amount of approximately 4.4 crore. In its claim against UL, SREI relies upon a lengthy loan agreement, which makes no reference to the UDPL deposit. SREI also has the benefit of personal guarantees by the promoters of UL. Despite these forms of security, in the UDPL proceedings SREI seeks to rely on an un-evidenced "inter se" agreement that the UDPL monies could be offset against the amounts due from UL. SREI claims to have assumed that UCP was a part of the 'Unitech group' despite all public information to the contrary, and despite having been put on notice by UCP, well over a year, that any such belief was erroneous.

Complaints have also been made to the appropriate regulators: the Reserve Bank of India and the Securities and Exchange Board of India, and are being followed up with diligence.

UCP will continue to vigorously pursue all avenues of recovery and, in the light of the above, the Company continues to believe that recovery will be made.

Consequently, in accordance with accounting standards, this receivable estimated to be £17.6 million is treated as a contingent asset.

8. Net asset value per share

	Unaudited Six months ended 30 Sep 2015 £ 000	**Unaudited Six months ended 30 Sep 2014 £ 000**	**Audited Year ended 31 Mar 2015 £ 000**
Net assets attributable to owners of the Company	5,641	201,078	5,840
Number of ordinary shares outstanding	360,000,000	360,000,000	360,000,000
Net Asset Value per share (pence)	1.6p	55.9p	1.6p

9. Distribution payable

A distribution of 49.25 pence per share was declared on 7 January 2015. From the total distribution payable of £177.3 million, £18.2 million was withheld from the amount due to Nectrus in its capacity as the beneficial owner of 49,042,428 Ordinary Shares in the Company.

The Company has an outstanding claim against Nectrus with respect to significant damages resulting from breaches by Nectrus of the Investment Management Agreement in relation to the contingent assets as described in Note 7. The distribution withheld equates the estimated total damages of £18.2 million. This consists of £15.8 million withheld from the sale proceeds of Candor in relation to the deposits and investments, and estimated legal costs of £2.4 million relating to their recovery.

10. Subsequent events

There are no significant subsequent events.