

UCP PLC

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Dear Shareholder

I am writing to give you a further update on the affairs of UCP since the March 2018 Results were published in July.

The Company's principal focus continues to be the recovery of monies totalling £15.8 million due to the Company, which were deposited with Indian financial institutions and not repaid as due, together with interest and costs. The length of the future life of the company will be dictated substantially by progress on this.

Some of what follows will inevitably repeat what I have written previously, but for those to whom this is not a daily matter I provide an overall summary.

Recovery of Deposits from SREI and Aten; losses caused by Nectrus.

The business of UCP was to invest in large office parks in India. UCP held a 60% majority interest in the Indian SPVs carrying out each project, and Unitech Limited of India held minorities. Unitech provided project management services, and Nectrus Limited of Cyprus (a wholly owned subsidiary) provided services under an Investment Management Agreement.

In November 2014 we closed the sale of our principal subsidiary Candor to Brookfield, and the consideration of circa. £200 million was impaired by £15.8 million being the sterling value at the time of our 60% indirect interest in the monies deposited by SPVs with SREI and Aten, and which were not repaid as due or when demanded. The sale and purchase agreement ("SPA") with Brookfield provided that if these amounts were not repaid by closing, as proved to be the case, the amounts would be deducted from the sale price. The SPA also provides a mechanism by which the recovery of the deposits can be pursued.

The Board of UCP believes that the placing of the deposits represented breaches by Nectrus of duties and obligations owed to the Company, including under the Investment Management Agreement. Accordingly, when the shareholder distribution was made in January 2015, £18.2 million was withheld from Nectrus as a shareholder, being the contemporary estimate of the value of the deposits, interest, and the anticipated costs of recovery.

In each case the deposit paperwork required that disputes go to arbitration in India, and thus the SPVs have been engaged in arbitrations there. By far the smallest amount was deposited with Aten Capital, and as previously reported UCP has recovered £270k. In the matter of Aten PM, as already reported we saw no point in expending further resources bearing in mind that Aten PM is not believed to have any accessible assets.

Directors: D Lake (Chairman), M Y Khan, N R Sallnow-Smith, J Sleeman
Incorporated in the Isle of Man. Company No. 010231V

In the third matter of the deposits with SREI, as previously reported the arbitrator found in favour of the SPV and required that SREI repay the monies deposited, with significant interest and also some costs. To date SREI has paid none of these and has challenged the awards before the Kolkata High Court. Following an application by SREI, and as a condition of staying the awards during SREI's challenge, the Supreme Court ordered SREI to pay into Court 60% of the award in cash and also to provide a guarantee from a state owned bank for the remaining 40%. At a further hearing this week the Supreme Court ordered that the guarantee be provided immediately, and the cash be paid within two weeks.

Claims by Nectrus

In 2015 Nectrus sought an injunction in India against UCP, the SPVs, Aten, SREI and others seeking to prevent the repayment of the deposit monies. This action is with the District Court in Saket, and there has been no decision in some three years.

In support of that Indian action Nectrus sought payment of the withheld distribution by an action in Cyprus where it is based. This action was subsequently abandoned and Nectrus was required to pay a very small amount of costs to UCP. Nectrus then sought payment of the withheld monies on the Isle of Man. That claim was stayed following a successful jurisdiction challenge by UCP, and pending the conclusion of our action in London. Significant costs were awarded against Nectrus which have not been paid.

Claim by UCP against Nectrus in London

This is the principal action and is a claim against Nectrus for the impairment of the original sale price of Candor, together with interest and legal costs, after giving credit for any monies received through the Indian arbitrations, to the extent these reduce UCP's ultimate loss.

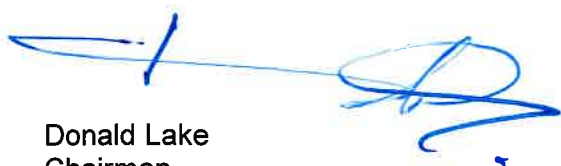
The trial of this action is set for mid May 2019, and our preparations are well advanced.

Financial Update

In the six months to end September 2018 the Company incurred costs amounting to £1.5 million of which £1.2 million were the legal costs associated with various actions described above. These costs will form part of the claim against Nectrus as appropriate.

Conclusion

I hope to report the outcome of the London action with the March 2019 results next summer, but it is possible that judgment could be delayed. In the meantime the Company is being run as economically as possible, with one physical Board Meeting each year rather than four, and other costs reduced wherever possible.



Donald Lake
Chairman