# UNITECH CORPORATE PARKS PLC

## Interim Report
## 2010

# UNITECH CORPORATE PARKS PLC

## Contents

# UNITECH CORPORATE PARKS PLC

## Company Information

**Directors (all non-executive; * independent)**
Atul Kapur (Chairman) *
Aubrey John Adams *
Ajay Chandra
Mohammad Yousuf Khan *
Donald Lake *

**Company Secretary**
Elizabeth Tansell

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**Administrator and Registrar**
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**Legal Advisers (Isle of Man law)**
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**Auditors**
KPMG Audit LLC
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**Nominated Adviser and Broker**
Arbuthnot Securities Limited
20 Ropemaker Street
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**Legal Advisers (UK and US law)**
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Luthra & Luthra Law Offices
103 Ashoka Estate
Barakhamba Road
New Delhi 110001

# UNITECH CORPORATE PARKS PLC

## Chairman's Statement

Market conditions in the six months to 30 September 2010 have been similar to the last full year, with regional and global factors affecting our operations. The Indian economy continues to grow strongly driving the more traditional central office markets but the newer IT/ITES office sector in which we operate has slowed down and is showing signs of oversupply in some locations.

### Financial results

NAV as at 30 September 2010 was £0.50 per share compared to £0.72 at 31 March 2010, and £0.52 per share at 31 July 2010 on a "pro-forma" basis. This represents a drop of 30.6% in NAV over the six months from 31 March 2010, and a small decrease of 3.8% since 31 July 2010.

Knight Frank (India) Private Limited ("Knight Frank") completed an independent valuation of the portfolio being developed by UCP with Unitech Limited at 30 September 2010.

**Portfolio Market Valuation**

| 30/09/10 | 31/07/10 | 31/03/10 | 31/03/09 | 31/03/08 | 31/03/07 | Admission |
|---|---|---|---|---|---|---|
| £285.7m | £281.3m | £457.4m | £637.2m | £969.5m | £553.0m | £481.5m |

UCP’s 60% ownership of these projects is therefore valued at £171.4 million (an increase of 1.5% compared to £168.8 million at 31 July 2010).

**UCP's 60% share**

| 30/09/10 | 31/07/10 | 31/03/10 | 31/03/09 | 31/03/08 | 31/03/07 | Admission |
|---|---|---|---|---|---|---|
| £171.4m | £168.8m | £274.4m | £382.3m | £581.7m | £331.8m | £288.9m |

### Cash balances and debt

As of 30 September 2010, UCP had £30 million of cash (31 March 2010: £38 million) of which £7 million is held by UCP and the balance is held within the SPVs to be used for construction of the projects, as envisaged at the time of Admission. The Company has no debt.

### Strategy

UCP was formed to invest in Indian commercial real estate, targeting the requirements of the Indian IT and IT Enabled Services (“IT/ITES”) sectors. The Company is focused on investment in Special Economic Zones (“SEZ's”) dedicated to the IT/ITES industries or IT Parks which are suitable for foreign direct investment. All six of the development projects in which UCP has invested are joint ventures with Unitech Ltd a substantial listed Indian real estate group.

The emergence of oversupply in these markets will lengthen the programme for the build out of UCPs projects so we will concentrate on those sites with the best prospects.

However, since March 2010 we have made some progress on the continued development of our assets, particularly letting 396,596 sq ft at InfoSpace, Dundahera, Gurgaon ("G2") and letting 453,688 sq ft at InfoSpace, Kolkata ("K1"). Given the current demand, we have not begun construction at Greater Noida ("N3") and InfoSpace, Gurgaon ("G1"). We will continue to monitor the situation before committing capital to these projects.

## Chairman's Statement (continued)

### Portfolio Update

Five of the Company's original six assets are located in the National Capital Region (the area surrounding Delhi, Northern India) and account for approximately 80% of UCP's potential completed Lettable Area ("LA"). The sixth asset, which accounts for the remaining 20%, is situated in the Kolkata area, West Bengal.

An update on the Company's six assets, all as at 30 September 2010, is as follows:

- **InfoSpace, Dundahera, Gurgaon ("G2")**: The total completed and operational LA for Batch 1, Batch 2 and Batch 3 amounted to 1.713m sq ft. LA to be completed, relating to Batches 4, 5 and 6 of G2, is currently estimated to be 1.905m sq ft. G2 has Committed Leases* in respect of approximately 1.763m sq ft amounting to 49% of the aggregate estimated LA for G2 when fully completed. As of 30 September 2010 the leased area where the rent has already started accruing is 1.366m sq ft. The tenant profile of G2 represented by those with Committed Leases is diverse, displaying a wide variety of industry sub-sectors in the IT and ITES segments.

- **InfoSpace, Kolkata ("K1"):** The completed LA for K1 amounted to approximately 1.041m sq ft and the LA to be completed across the development is currently estimated to be approximately 3.310m sq ft. As at 30 September 2010, K1 had Committed Leases* in respect of 0.874m sq ft, amounting to approximately 20% of the aggregate estimated LA for K1 when fully completed. As of 30 September 2010 the leased area where rent has already started accruing is 0.707m sq ft.

- **InfoSpace, Sector 62, Noida ("N1"):** The estimated LA at completion is currently expected to be approximately 2.064m sq ft. The completed LA is approximately 0.270m sq ft. As at 30 September 2010, N1 had no Committed Lease.

- **InfoSpace, Sector 135, Noida ("N2"):** The estimated LA at completion is currently expected to be approximately 3.170m sq ft consisting of approximately 3.139m sq ft of office space and approximately 0.031m sq ft of retail space. The first sub-batches of N2, Batch 1.1 and Batch 1.2 comprising approximately 0.459m sq ft of LA is complete and operational. The super-structure for the rest of Batch 1, amounting to approximately 0.491m sq ft, is complete. As at 30 September 2010, N2 had Committed Leases* in respect of 0.698m sq ft, amounting to approximately 22% of the aggregate estimated LA for N2 when fully completed. As of 30 September 2010 the leased area where rent has already started accruing is 0.150m sq ft.

- **InfoSpace, Greater Noida ("N3"):** There has been no construction on this site and none is expected in the near future.

- **InfoSpace, Gurgaon ("G1"):** To date there has only been some site preparation work on this project.

As detailed in the Investment Manager's Report ("IMR"), the Company has revised the estimated completion dates of its projects as it adjusts construction on site to meet current and anticipated levels of demand.

### Portfolio Spend

In the six months to 30 September 2010, £11.2m was spent on the developments bringing the Company's cumulative total portfolio spend on the projects to £117.5m.

### Summary of Valuations

Knight Frank, our independent valuer, valued the properties at 30 September 2010 at £285.7 million. The Company's share of the market valuation of the assets as at 30 September 2010 (representing 60% of each project), is £171.4 million.

## Chairman's Statement (continued)

**Summary of Valuations (continued)**

The valuation methodology used is the same as for the 31 July 2010 valuation. A discounted cash flow (DCF) basis has been used for actual income and anticipated income from agreed lettings and from ongoing development activity; land value reflecting the effect on value of any cost of construction to date is used elsewhere. Directors believe that this is the most appropriate methodology given the uncertainties in the IT office market and extended development horizons for the projects.

The WACC and capitilisation rates used for the purposes of valuation as at 30 September 2010 by the valuer are as follows:

| Portfolio | WACC | Capitalisation rate |
|---|---|---|
| K1 | 17.5% | 12% |
| N2 | 15% | 11.5% |
| G2 | 15% | 11.5% |

**Approach by Unitech Limited**

Shareholders will be aware of the approach by Unitech Ltd ("Unitech") indicating a possible offer at 31p per share.

As announced on 23 November 2010, the independent Directors of UCP (in conjunction with their financial advisers PricewaterhouseCoopers and Arbuthnot Securities and property advisers) considered the Unitech proposal and conluded that it did not represent an offer which they could recommend to shareholders to accept. No further proposal has since been received from Unitech. Further announcements will be made as and when appropriate.

**Outlook**

The continuing oversupply of office space in the markets in which UCP operates and the slow take-up by tenants affects current prospects for new lettings. Accordingly we shall progress with new buildings where we have specific tenant demand, and will also complete a limited amount of speculative space to be ready for new tenant requirements.

We continue to review the optimum use for all undeveloped areas and focus on a considered and prudent approach to development spend on the Company's sites to preserve and augment shareholder value.

**Atul Kapur**
**Chairman** **17 December 2010**

# UNITECH CORPORATE PARKS PLC

## Investment Manager's Review

### Overview of Indian Economy

The economic survey report released by the Government of India just ahead of the union budget forecast a GDP between 8.25% - 8.75% for the Financial Year 2010-11.

To arrest rising inflation and manage liquidity and currency, RBI (Reserve Bank of India) has started tightening the key benchmark rates resulting in an increase of borrowing costs.

### Overview of Indian Real Estate Sector

On 17 June 2010 the Government of India's Ministry of Revenue issued draft guidelines on the Direct Tax Code ("DTC") which proposes the roll back of tax incentives available to SEZ units that become operational after a specified date in the near future. Revised DTC guidelines are under finalisation. Due to the absence of any clear-cut regulations on the continuity of tax exemption for units desirable to take space in SEZs, IT/ITES are adopting a cautious approach. This uncertainty has also forced potential tenants to look at alternative options in Non-SEZ areas. IT/ITES demand which was showing a robust recovery slowed down significantly after the announcements of the proposed DTC guidelines.

### Commercial Rent and Capital Values Across Key Cities

### I) Gurgaon Office Market Overview

### Overview

Gurgaon is the fastest growing town in the country and the pace of development has been so rapid that it has been branded as the 'Millennium City of India'. *(Source: Knight Frank Research - Sept 2010)*

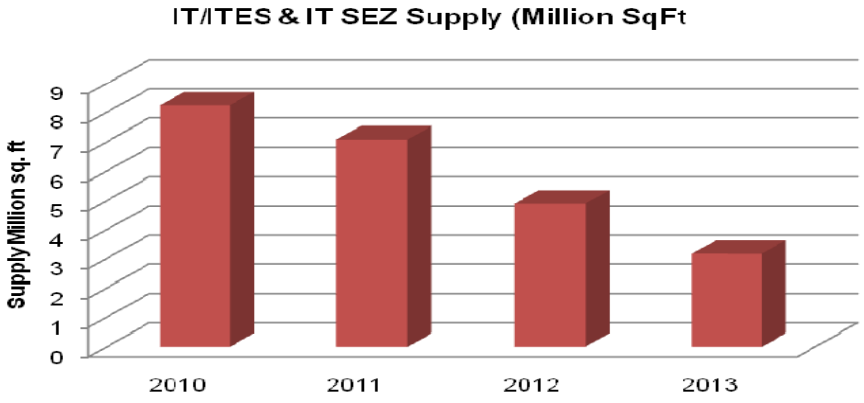
Gurgaon is an established IT/ITES destination and also houses a number of non-IT majors. The biggest car and motorcycle manufacturers in India have their manufacturing plants in Gurgaon. *(Source: Knight Frank Research - Sept 2010)*

Preference for Gurgaon for setting up operations by IT majors has resulted in 21 notified IT/ITES SEZs in the region by real estate majors. *(Source: Knight Frank Research - Sept 2010)*

Gurgaon leads office space supply in the NCR with a 45% market share. Gurgaon market has also seen a demand for pure commercial office spaces from all sectors. *(Source: Knight Frank Research - Sept 2010)*

Approximately 23.39m sq ft of commercial office space (IT & Non-IT) is expected to come up by 2013 in Gurgaon & Manesar. Around 60% of the supply will be made available in the numerous IT Parks in contrast to the earlier projections that it would be IT SEZ which will lead the supply. This is owing to the fact that many of the IT SEZs have put their plans on hold for now. *(Source: Knight Frank Research - Sept 2010)*

The Investment Manager believes that the increased interest by IT/ITES businesses for leasing space in IT parks/SEZs has significantly reduced the vacancy levels in developed IT projects thereby stabilizing rentals in this region.




*Source: Knight Frank Research*

*Note: The above supply includes all IT Parks/SEZs in Gurgaon & Manesar.

## Investment Manager's Review (continued)

### Rental and capital values

The IT/ITES space rentals vary as per the location of the projects within Gurgaon and are in the range of Rs.40-Rs.60 per sq ft per month. The rental is negotiable depending upon the space requirement of the clients (warm shell, bare shell), location of the project, brand of the building and other factors.

### II) Noida Office Market Overview

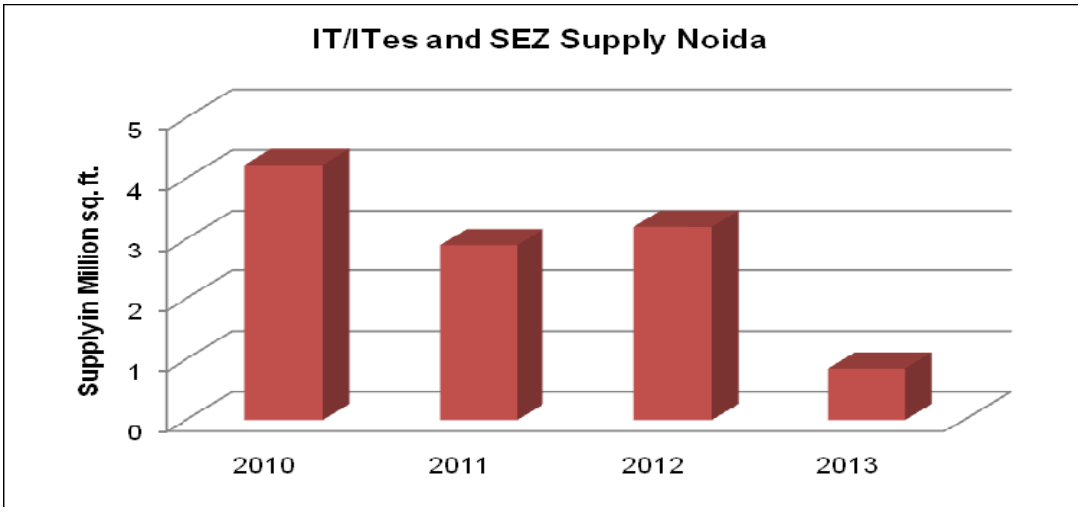
### Overview

The city is the outsourcing hub for IT/ITES industry and is home to automobile ancillary units and manufacturing companies. Development of the Taj corridor and development of huge SEZ and IT parks has attracted huge foreign direct investments in the city. *(Source: Knight Frank Research - Sept 2010)*

NOIDA is emerging as a low-cost alternative to Delhi and Gurgaon, to become the next big office destination. With cheaper land costs and the development of numerous high-profile projects, the city is emerging as a viable alternative to Gurgaon. *(Source: Knight Frank Research - Sept 2010)*

NOIDA currently caters to IT/ITES companies that operate from an independent or BTS (built-to-suit) development. Unlike the Gurgaon commercial property market, where benchmark rates have been established by developers, lease rentals of property in NOIDA vary extensively. *(Source: Knight Frank Research - Sept 2010)*

Approximately 4.2m sq ft of IT/ITES office supply is expected to come up in Noida by the end of 2010. Further, it is expected that by the end of 2012, Noida will witness a huge supply due to deferment in the announced projects. *(Source: Knight Frank Research - Sept 2010)*




*Source: Knight Frank Research*

In spite of limited demand for office space by IT/ITES businesses, the Investment Manager believes that due to perception of Noida as a low cost market, and abundant ready office supply available, rentals are expected to remain under pressure in the short to medium term with high vacancy rates.

### Rental and capital values

The commercial space rentals vary as per the location of the projects within Noida. In Sector-62, rentals vary in the range of Rs.25-Rs.30 per sq ft per month for IT spaces which are further negotiable. In Sector-125 and Sector-127, the IT space rentals vary between Rs.30-Rs.40 per sq ft per month (not inclusive of CAM charges). The monthly CAM (common area maintenance) charges are between Rs.12-Rs.15 per sq ft per month.

## Investment Manager's Review (continued)

### III) Greater Noida Office Market Overview

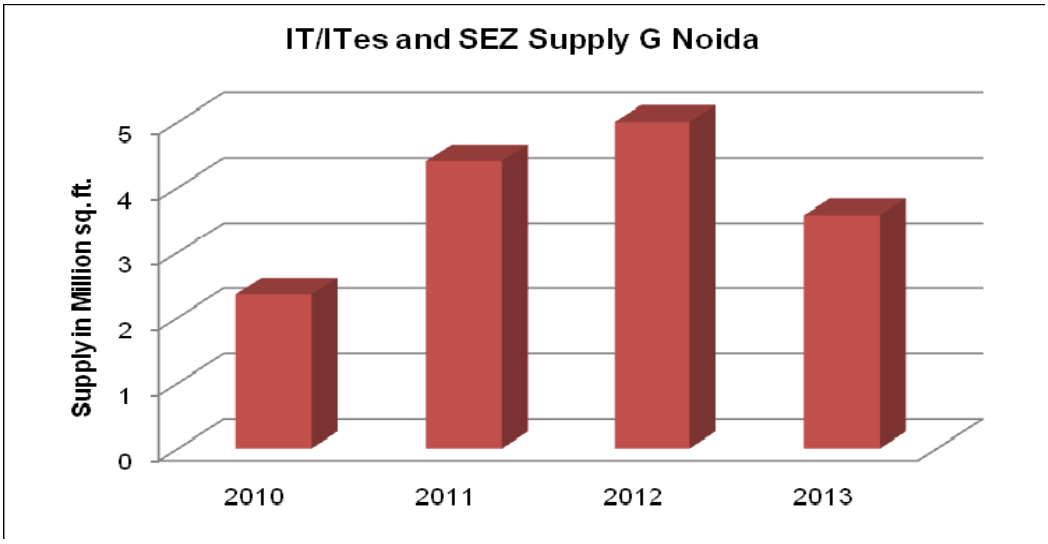
The Greater Noida office market is still at a nascent stage. Commercial space usage is dominated by industries and so far, office market in the city is confined to knowledge parks and campus development on individual land parcels. Very few office structures exist in the city itself. *(Source: Knight Frank Research - Sept 2010)*

There is a large quantum of IT space under construction on the Taj Expressway as well as along the Greater Noida Expressway. The Tech Zone in Greater Noida (approx 300 acres) has been allotted to many developers. *(Source: Knight Frank Research - Sept 2010)*

Approximately 2.3m sq ft of IT/ITES office space will come up by the end of 2010 in Greater Noida. *(Source: Knight Frank Research - Sept 2010)*

There is negligible demand for leasing of IT/ITES space in Greater Noida from IT/ITES businesses. This is due to the abundant supply of IT/ITES office space available in Noida on the Noida-Greater Noida expressway and Sector 62.

The Investment Manager believes that it may take the Greater Noida market a few years before IT/ITES businesses start leasing space in IT parks/SEZs.




*Source: Knight Frank Research*

### IV) Kolkata Office Market Overview

The Kolkata office market continues to be dominated by the IT/ITES sector which accounts for almost 60% of the total real estate development in the city. Suburban locations of New Town Rajarhat and Salt Lake Sector V are expected to meet the demand emanating from the IT/ITES sector. Large space requirements of technology and IT sectors have pushed the real estate growth towards the suburban and peripheral areas of the city. *(Source: Knight Frank Research - Sept 2010)*

Approximately 7,000 hectares of land in possession of West Bengal Housing Infrastructure Development Corporation in Rajarhat has been earmarked for residential, commercial and industrial space. Out of this approximately 200 acres of land has been earmarked for IT/ITES units. *(Source: Knight Frank Research - Sept 2010)*

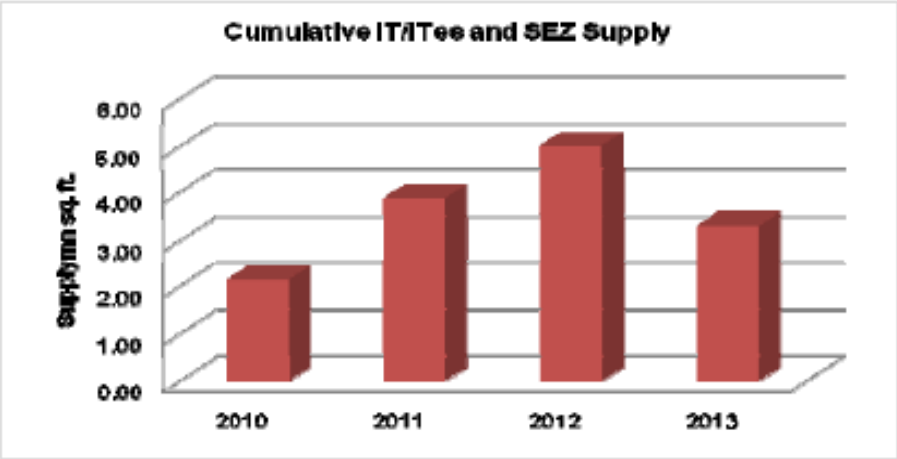
New Town (Rajarhat), in the east of Kolkata, is being promoted as an IT hub. The government has allotted approximately 27.78m sq ft of land area for the development of IT/ITES in New Town, Rajarhat. *(Source: Knight Frank Research - Sept 2010)*

## Investment Manager's Review (continued)

Kolkata market should witness a huge office space supply (IT) by 2011 and 2012. Approximately 11.3m sq ft of office space in Kolkata is expected to be operational by the end of 2012. *(Source: Knight Frank Research - Sept 2010)*

Currently, supply of IT/ITES space significantly exceeds the limited demand from the IT/ITES businesses in the Rajarhat region of Kolkata. As a result the Investment Manager expects the rentals to remain under pressure in the short to medium term.

Supply of total office space in Kolkata between 2010-2013




*Source: Knight Frank Research*

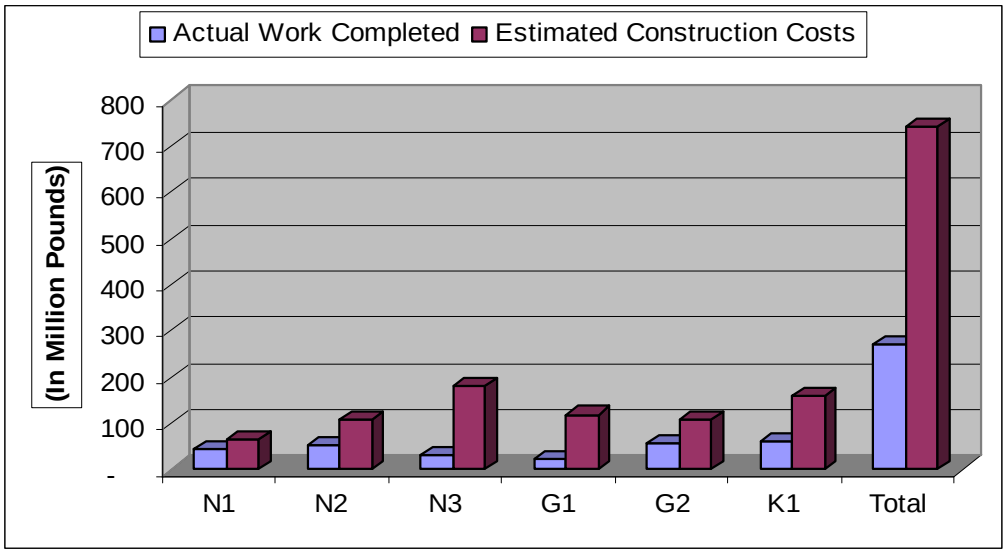
### Rental and capital values

The base rentals in the Central Business District (CBD) areas of Park Street, Camac Street are in the range of Rs.85-Rs.90 per sq ft per month. However, rental values in the CBD location of the Dalhousie Square area are in the range of Rs.50-Rs.65 per sq ft per month. The prevailing rate in Salt Lake, a preferred destination for the IT/ITES sector, ranges between Rs.40-Rs.50 per sq ft per month.

Rajarhat, being a peripheral location for the IT/ITES sector has average rental rates ranging between Rs.27-Rs.32 per sq ft per month.

### Project Update

**Project Progress (as on 30th September 2010)**
**(in million pounds)**



## Investment Manager's Review (continued)

*(Amount in million)*

| Projects | Actual Work Allocated as on 30 September 2010 | | Estimated Construction Cost as on 30 September 2010 | |
|---|---|---|---|---|
| | INR (Rs.) | Pound (£) | INR (Rs.) | Pound (£) |
| N1 | 3,066 | 43 | 4,719 | 66 |
| N2 | 3,658 | 52 | 7,671 | 108 |
| N3 | 2,383 | 34 | 12,857 | 181 |
| G1 | 1,595 | 22 | 8,490 | 120 |
| G2 | 4,177 | 59 | 7,595 | 107 |
| K1 | 4,397 | 62 | 11,444 | 162 |
| **Total** | **19,276** | **272** | **52,776** | **744** |

An update on the Company's six assets, all as at 30 September 2010, is as follows:

§ **InfoSpace, Dundahera, Gurgaon ("G2"):** The total completed and operational LA for Batch 1, Batch 2 and Batch 3 amounted to 1.713m sq ft. LA to be completed, relating to Batches 4, 5 and 6 of G2, is currently estimated to be 1.905m sq ft. G2 has Committed Leases* in respect of approximately 1.763m sq ft amounting to 49% of the aggregate estimated LA for G2 when fully completed. As of 30 September 2010 the leased area where rent has already started accruing is 1.366m sq ft. The tenant profile of G2 represented by those with Committed Leases is diverse, displaying a wide variety of industry sub-sectors in the IT and ITES segments.

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§ **InfoSpace, Greater Noida ("N3"):** There has been no construction on this site and none is expected in the near future.

§ **InfoSpace, Gurgaon ("G1"):** To date there has only ben some site preparation work on this project.

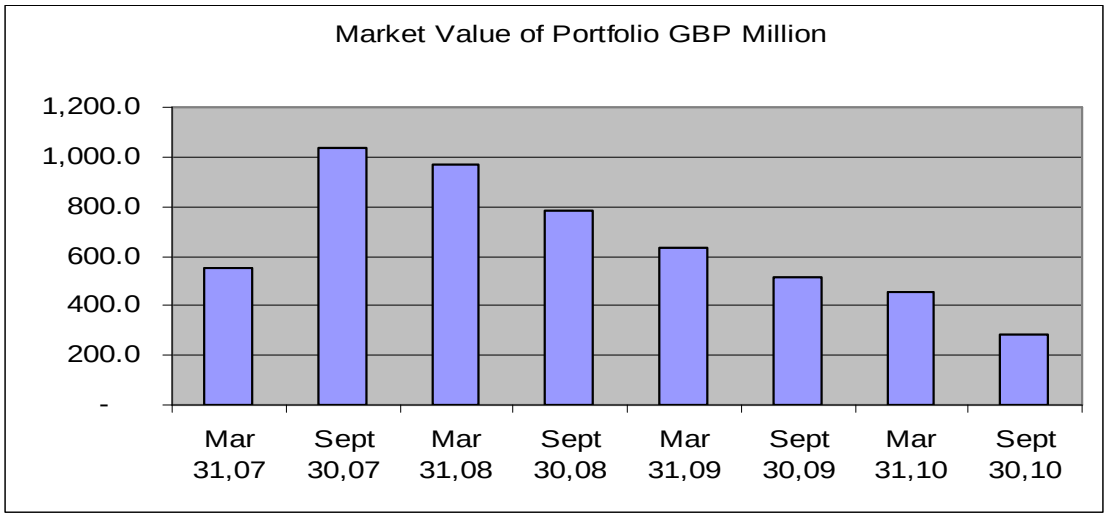
*Committed Leases/Pre-Lease Agreements include LA that is subject to binding lease agreements.

# UNITECH CORPORATE PARKS PLC

## Investment Manager's Review (continued)

### Summary of Valuations

Knight Frank, an independent valuer valued the joint ventures' properties under construction as at 30 September 2010 at a valuation of £285.7 million. The Company's share of the market valuation of the assets as at 30 September 2010, representing 60% of the joint ventures' total portfolio, including construction costs is £171.4 million.




### Progress of Leasing

LA Completed and Leased

| UCP Assets | Estimated Completion Date as on 30-Sep-10 | Estimated Lettable Area (LA) | LA Completed | | | | LA Currently Leased | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Actual | | % | | Actual | | % | |
| | | | Mar-10 | Sep-10 | Mar-10 | Sep-10 | Mar-10 | Sep-10 | Mar-10 | Sep-10 |
| G2 | Mar-15 | 3,618,883 | 1,049,778 | 1,713,883 | 29.0 | 47.4 | 969,501 | 1,366,097 | 26.8 | 37.7 |
| K1 | Dec-23 | 4,350,979 | 1,040,551 | 1,040,551 | 23.9 | 23.9 | 252,921 | 706,609 | 5.8 | 16.2 |
| N1 | Jul-16 | 2,064,000 | - | 270,000 | - | 13.1 | - | - | - | - |
| N2 | Dec-20 | 3,169,539 | 200,682 | 458,521 | 6.3 | 14.5 | 150,462 | 150,462 | 4.7 | 4.7 |
| N3 | Mar-23 | 4,947,055 | - | - | - | - | - | - | - | - |
| G1 | Jun-20 | 3,260,000 | - | - | - | - | - | - | - | - |
| **Total** | | **21,410,456** | **2,291,011** | **3,482,955** | **10.7** | **16.3** | **1,372,884** | **2,223,168** | **6.4** | **10.4** |

Committed Leases

| UCP Assets | Estimated Completion Date as on 30-Sep-10 | Estimated Lettable Area (LA) | Committed Leases | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | ATL* Actual | | ATL* % | | LOI* Actual | | LOI* % | |
| | | | Mar-10 | Sep-10 | Mar-10 | Sep-10 | Mar-10 | Sep-10 | Mar-10 | Sep-10 |
| G2 | Mar-15 | 3,618,883 | 1,074,082 | 1,763,103 | 29.7 | 48.7 | - | - | - | - |
| K1 | Dec-23 | 4,350,979 | 1,209,336 | 873,939 | 27.8 | 20.1 | - | - | - | - |
| N1 | Jul-16 | 2,064,000 | - | - | - | - | - | - | - | - |
| N2 | Dec-20 | 3,169,539 | 150,462 | 697,507 | 4.7 | 22.0 | - | - | - | - |
| N3 | Mar-23 | 4,947,055 | - | - | - | - | - | - | - | - |
| G1 | Jun-20 | 3,260,000 | - | - | - | - | - | - | - | - |
| **Total** | | **21,410,456** | **2,433,880** | **3,334,549** | **11.4** | **15.6** | **-** | **-** | **-** | **-** |

*LOI=Letter of Intent
ATL=Agreement to Lease

## UNITECH CORPORATE PARKS PLC

### Investment Manager's Review (continued)

**Development progress -** Completed LA and LA to be completed as at 30 September 2010

(Start Date wherever not mentioned is subject to market conditions.)

| G2 Batches | Start Date | Expected Completion | Total Estimated Construction Costs(1) | | Estimated LA (sq ft) | LA (sq ft) | |
|---|---|---|---|---|---|---|---|
| | | | (Rs. million) | (£ million) | | Committed Leases | Leased (Rent Accrued) |
| Batch 1 | Mar-06 | Completed | 875 | 12 | 464,641 | 464,057 | 464,057 |
| Batch 2 | Sep-06 | Completed | 1,391 | 20 | 664,105 | 382,917 | 382,917 |
| Batch 3 | Feb-07 | Completed | 1,102 | 16 | 585,137 | 519,123 | 519,123 |
| Batch 4 | Sep-10 | Jun-12 | 1,729 | 24 | 800,000 | - | - |
| Batch 5 | Jun-10 | Mar-12 | 1,401 | 20 | 650,000 | 397,006 | - |
| Batch 6 | - | Mar-15 | 1,097 | 15 | 455,000 | - | - |
| **Total** | | | **7,595** | **107** | **3,618,883** | **1,763,103** | **1,366,097** |

Notes:

1 Includes fit-outs of £16 million and excludes interest during construction.

| K1 Batches | Start Date | Expected Completion | Total Estimated Construction Costs(1) | | Estimated LA (sq ft) | LA (sq ft) | |
|---|---|---|---|---|---|---|---|
| | | | (Rs. million) | (£ million) | | Committed Leases | Leased (Rent Accrued) |
| Batch 1 | Dec-05 | Completed | 1,628 | 23 | 797,650 | 636,785 | 636,785 |
| Batch 2.1 | Dec-06 | Dec-10 | 566 | 8 | 267,500 | - | - |
| Batch 2.2 | Dec-06 | Dec-13 | 343 | 5 | 157,871 | - | - |
| Batch 2.3 | Dec-06 | Dec-14 | 401 | 6 | 181,448 | - | - |
| Batch 3.1 | Jun-07 | Completed | 495 | 7 | 242,901 | 237,154 | 69,824 |
| Batch 3.2 | Oct-09 | Sep-12 | 517 | 7 | 240,835 | - | - |
| Batch 3.3 | - | Jun-14 | 559 | 8 | 237,223 | - | - |
| Batch 4.1 | - | Jun-16 | 998 | 14 | 383,333 | - | - |
| Batch 4.2 | - | Dec-17 | 1,068 | 15 | 383,333 | - | - |
| Batch 4.3 | - | Jun-19 | 1,141 | 16 | 383,333 | - | - |
| Batch 5.1 | - | Dec-20 | 1,142 | 16 | 358,517 | - | - |
| Batch 5.2 | - | Jun-22 | 1,277 | 18 | 358,517 | - | - |
| Batch 5.3 | - | Dec-23 | 1,309 | 18 | 358,518 | - | - |
| **Total** | | | **11,444** | **161** | **4,350,979** | **873,939** | **706,609** |

Notes:

1 Includes fit-outs of £14 million and excludes interest during construction.

## UNITECH CORPORATE PARKS PLC

### Investment Manager's Review (continued)

| N1 Batches | Start Date | Expected Completion | Total Estimated Construction Costs(1) | | Estimated LA (sq ft) | LA (sq ft) | |
|---|---|---|---|---|---|---|---|
| | | | (Rs. million) | (£ million) | | Committed Leases | Leased (Rent Accrued) |
| Batch 1 | Nov-06 | Completed | 595 | 8 | 270,000 | - | - |
| Batch 2 | Dec-06 | Jul-11 | 838 | 12 | 380,000 | - | - |
| Batch 3 | Jan-07 | Jul-12 | 794 | 11 | 357,000 | - | - |
| Batch 4 | Dec-07 | Jul-14 | 629 | 9 | 274,000 | - | - |
| Batch 5 | Jan-08 | Jul-15 | 1,021 | 14 | 436,000 | - | - |
| Batch 6 | Feb-08 | Jul-16 | 842 | 12 | 347,000 | - | - |
| **Total** | | | **4,719** | **66** | **2,064,000** | **-** | **-** |

Notes:

1 Includes fit-outs of £7 million and excludes interest during construction.

| G1 Batches | Start Date | Expected Completion | Total Estimated Construction Costs(1) | | Estimated LA (sq ft) | LA (sq ft) | |
|---|---|---|---|---|---|---|---|
| | | | (Rs. million) | (£ million) | | Committed Leases | Leased (Rent Accrued) |
| Batch 1 | - | Dec-17 | 934 | 13 | 340,000 | - | - |
| Batch 2 | Dec-10 | Dec-13 | 959 | 14 | 430,000 | - | - |
| Batch 3 | - | Dec-15 | 804 | 11 | 325,000 | - | - |
| Batch 4 | Dec-10 | Dec-13 | 784 | 11 | 340,000 | - | - |
| Batch 5 | - | Dec-14 | 1,053 | 15 | 430,000 | - | - |
| Batch 6 | - | Dec-15 | 765 | 11 | 300,000 | - | - |
| Batch 7 | - | Dec-16 | 994 | 14 | 365,000 | - | - |
| Batch 8 | - | Dec-19 | 1,283 | 18 | 430,000 | - | - |
| Batch 9 | - | Jun-20 | 914 | 13 | 300,000 | - | - |
| **Total** | | | **8,490** | **120** | **3,260,000** | **-** | **-** |

Notes:

1 Includes fit-outs of £20 million and excludes interest during construction.

| N2 Batches | Start Date | Expected Completion | Total Estimated Construction Costs(1) | | Estimated LA (sq ft) | LA (sq ft) | |
|---|---|---|---|---|---|---|---|
| | | | (Rs. million) | (£ million) | | Committed Leases | Leased (Rent Accrued) |
| Batch 1.1 | Sep-07 | Completed | 388 | 5 | 207,682 | 177,622 | 150,462 |
| Batch 1.2 | Sep-07 | Completed | 503 | 7 | 250,839 | 32,299 | - |
| Batch 1.3 | Sep-07 | Nov-10 | 403 | 6 | 200,682 | - | - |
| Batch 1.4 | Sep-07 | Feb-11 | 503 | 7 | 290,100 | - | - |
| Batch 2 | - | Dec-14 | 1,970 | 28 | 843,977 | 487,586 | - |
| Batch 3 | - | Dec-17 | 2,279 | 32 | 843,977 | - | - |
| Batch 4 | - | Dec-20 | 1,625 | 23 | 532,282 | - | - |
| **Total** | | | **7,671** | **108** | **3,169,539** | **697,507** | **150,462** |

Notes:

1 Includes fit-outs of £11 million and excludes interest during construction.

## UNITECH CORPORATE PARKS PLC

### Investment Manager's Review (continued)

| N3 Batches | Start Date | Expected Completion | Total Estimated Construction Costs(1) | | Estimated LA (sq ft) | LA (sq ft) | |
|---|---|---|---|---|---|---|---|
| | | | (Rs. million) | (£ million) | | Committed Leases | Leased (Rent Accrued) |
| Batch 1.1 | - | Sep-15 | 1,784 | 25 | 824,509 | - | - |
| Batch 1.2 | - | Mar-17 | 1,933 | 27 | 824,509 | - | - |
| Batch 2.1 | - | Sep-18 | 2,063 | 29 | 824,509 | - | - |
| Batch 2.2 | - | Mar-20 | 2,204 | 31 | 824,509 | - | - |
| Batch 3.1 | - | Sep-21 | 2,355 | 33 | 824,509 | - | - |
| Batch 3.2 | - | Mar-23 | 2,518 | 36 | 824,510 | - | - |
| **Total** | | | **12,857** | **181** | **4,947,055** | - | - |

Notes:

1 Includes fit-outs of £18 million and excludes interest during construction.

**Nectrus Limited**
**Investment Manager** **17 December 2010**

# UNITECH CORPORATE PARKS PLC

## INDEPENDENT REVIEW REPORT TO UNITECH CORPORATE PARKS PLC

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 September 2010 which comprises Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs. The condensed set of financial statements included in this interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* .

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

**KPMG Audit LLC**
*Chartered Accountants*
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN
17 December 2010

## UNITECH CORPORATE PARKS PLC

### Consolidated Statement of Comprehensive Income
### for the six months ended 30 September 2010

| | Note | Unaudited six months ended 30 September 2010 £ | Unaudited six months ended 30 September 2009 £ | Audited year ended 31 March 2010 £ |
|---|---|---|---|---|
| **Income** | | | | |
| Investment property revenue | | 6,524,958 | 3,336,147 | 7,501,923 |
| Interest income on cash balances | | 553,259 | 513,413 | 1,190,405 |
| Interest income on corporate deposits | | - | 2,188,327 | 2,234,436 |
| Foreign exchange (loss)/gain | | (22,131) | 66,841 | - |
| Net loss from fair value adjustment on investment property | 7 | (106,936,513) | (58,102,168) | (137,815,658) |
| | | (99,880,427) | (51,997,440) | (126,888,894) |
| **Expenditure** | | | | |
| Goodwill impairment | | - | - | 44,176,857 |
| Management fee | 6 | 2,367,281 | 1,979,201 | 4,333,545 |
| Performance fee | 6 | - | (815,841) | - |
| Administration and accounting fees | | 29,375 | 29,045 | 58,508 |
| Directors' fees | | 100,475 | 88,375 | 190,000 |
| Audit fees | | 17,835 | 20,000 | 55,649 |
| Other operating expenses | | 2,464,825 | 1,239,253 | 3,035,281 |
| | | 4,979,791 | 2,540,033 | 51,849,840 |
| **Operating loss for the period/year** | | (104,860,218) | (54,537,473) | (178,738,734) |
| Finance lease costs | | (141,708) | (240,181) | (329,590) |
| **Loss for the period/year before tax** | | (105,001,926) | (54,777,654) | (179,068,324) |
| Current tax expense | | (54,358) | (761,242) | (700,985) |
| Deferred tax credit | | 32,444,015 | 21,996,275 | 47,289,645 |
| **Loss for the period/year** | | (72,612,269) | (33,542,621) | (132,479,664) |
| **Other comprehensive (loss)/income** | | | | |
| Foreign currency translation differences for foreign operations | | (6,565,442) | (19,535,232) | 15,217,886 |
| Movement in performance fee provision | | - | - | 815,841 |
| **Other comprehensive (loss)/income for the period/year net of income tax** | | (6,565,442) | (19,535,232) | 16,033,727 |
| **Total comprehensive loss for the period/year** | | (79,177,711) | (53,077,853) | (116,445,937) |
| **Basic and diluted loss per share** | 13 | (20.17)p | (9.32)p | (36.80)p |

The notes on pages 19 to 23 form an integral part of these financial statements.

## UNITECH CORPORATE PARKS PLC

### Consolidated Statement of Financial Position
### as at 30 September 2010

| | Note | Unaudited 30 September 2010 £ | Audited 31 March 2010 £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment property | 7 | 171,446,926 | 274,412,440 |
| Property, plant and equipment | 8 | 1,672,716 | 1,263,293 |
| | | 173,119,642 | 275,675,733 |
| **Current assets** | | | |
| Trade and other receivables | 10 | 9,262,123 | 10,950,637 |
| Cash at bank and with brokers | | 30,251,733 | 38,385,317 |
| | | 39,513,856 | 49,335,954 |
| **Total assets** | | 212,633,498 | 325,011,687 |
| **Financed by:** | | | |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | | 3,600,000 | 3,600,000 |
| Share premium | | 342,918,991 | 342,918,991 |
| Translation reserve | | 73,513,738 | 80,079,180 |
| Revaluation reserve | | (22,468,045) | (22,468,045) |
| Retained loss | | (218,525,536) | (145,913,267) |
| | | 179,039,148 | 258,216,859 |
| **Non-current liabilities** | | | |
| Finance lease liabilities | | 2,507,747 | 2,580,763 |
| Deferred tax liabilities | 12 | 20,143,710 | 53,942,962 |
| | | 22,651,457 | 56,523,725 |
| **Current liabilities** | | | |
| Finance lease liabilities | | 541,028 | 1,047,876 |
| Trade and other payables | 11 | 10,394,179 | 9,218,313 |
| Income tax liabilities | | 7,686 | 4,914 |
| | | 10,942,893 | 10,271,103 |
| **Total liabilities** | | 33,594,350 | 66,794,828 |
| **Total equity and liabilities** | | 212,633,498 | 325,011,687 |

The notes on pages 19 to 23 form an integral part of these financial statements.

## UNITECH CORPORATE PARKS PLC

### Consolidated Statement of Changes in Equity
### for the six months ended 30 September 2010

| | Unaudited six months ended 30 September 2010 £ | Unaudited six months ended 30 September 2009 £ | Audited year ended 31 March 2010 £ |
|---|---|---|---|
| **Balance at start of period/year** | 258,216,859 | 374,662,796 | 374,662,796 |
| **Total comprehensive loss for the period/year** | | | |
| Loss for the period/year | (72,612,269) | (33,542,621) | (132,479,664) |
| Other comprehensive income/(loss) | (6,565,442) | (19,535,232) | 16,033,727 |
| **Total comprehensive loss for the period/year** | (79,177,711) | (53,077,853) | (116,445,937) |
| **Balance at end of period/year** | 179,039,148 | 321,584,943 | 258,216,859 |

The notes on pages 19 to 23 form an integral part of these financial statements.

## UNITECH CORPORATE PARKS PLC

### Consolidated Statement of Cash Flows
### for the six months ended 30 September 2010

| | Unaudited six months ended 30 September 2010 £ | Unaudited six months ended 30 September 2009 £ | Audited year ended 31 March 2010 £ |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period/year before tax | (105,001,926) | (54,777,654) | (179,068,324) |
| Adjustment for: | | | |
| Interest income on cash balances | (553,259) | (513,413) | (1,190,405) |
| Interest income on corporate deposits | - | (2,188,327) | (2,234,436) |
| Net loss from fair value adjustment on investment property | 106,936,513 | 58,102,168 | 137,815,658 |
| Goodwill impairment | - | - | 44,176,857 |
| Performance fee | - | (815,841) | - |
| Foreign exchange loss/(gain) | 22,131 | (66,841) | - |
| Finance lease costs | 141,708 | 240,181 | 329,590 |
| Depreciation | 45,006 | 25,669 | 79,151 |
| **Operating profit/(loss) before changes in working capital** | 1,590,173 | 5,942 | (91,909) |
| Decrease/(increase) in trade and other receivables | 1,301,903 | (1,301,449) | (1,201,221) |
| Increase/(decrease) in trade and other payables | 1,850,897 | (5,225,589) | (7,558,034) |
| | 4,742,973 | (6,521,096) | (8,851,164) |
| Tax paid | (58,981) | (977,151) | (1,285,826) |
| **Net cash generated from/(used in) operating activities** | 4,683,992 | (7,498,247) | (10,136,990) |
| **Investing activities** | | | |
| Acquisition of investment property including advances | (11,999,466) | (8,180,401) | (17,743,721) |
| Acquisition of property, plant and equipment | (492,533) | (7,497) | (20,301) |
| Proceeds from sale of property, plant and equipment | - | 8,926 | - |
| Proceeds from sale of financial assets (including realised gains) | - | 556,337 | 556,337 |
| Repayment of advances by related party | - | 51,905,882 | 52,999,564 |
| Interest received | 1,135,082 | 5,824,917 | 3,020,575 |
| **Net cash (used in)/generated from investing activities** | (11,356,917) | 50,108,164 | 38,812,454 |
| **Financing activities** | | | |
| Repayment of borrowings from banks | - | (16,171,617) | (16,512,361) |
| Payment of finance lease liability | (621,437) | (943,770) | (1,510,570) |
| **Net cash used in financing activities** | (621,437) | (17,115,387) | (18,022,931) |
| **(Decrease)/increase in cash and cash equivalents** | (7,294,362) | 25,494,530 | 10,652,533 |
| Cash and cash equivalents at beginning of period/year | 38,385,317 | 21,493,904 | 21,493,904 |
| Exchange difference on cash and cash equivalents | (839,222) | 1,285,403 | 6,238,880 |
| **Cash and cash equivalents at end of period/year** | 30,251,733 | 48,273,837 | 38,385,317 |

The notes on pages 19 to 23 form an integral part of these financial statements.

## Notes to the Consolidated Interim Financial Statements for the six months ended 30 September 2010

1. **Reporting entity**

   Unitech Corporate Parks 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 the Alternative Investment Market (AIM) operated and regulated by the London Stock Exchange. The consolidated financial statements of the Group comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities.

   The consolidated financial statements of the Group as at and for the year ended 31 March 2010 are available upon request from the Company's registered office at 3rd Floor Exchange House, 54 - 62 Athol Street, Douglas, Isle of Man or at www.unitechcorporateparks.com.

2. **Statement of compliance**

   The annual financial statements are prepared in accordance with International Financial Reporting Standards. The consolidated interim financial statements have been prepared in accordance with IAS 34: *Interim Financial Reporting.* They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2010.

   These consolidated interim financial statements were approved by the Board of Directors on 17 December 2010.

3. **Significant accounting policies**

   The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2010.

4. **Use of estimates and judgements**

   The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

   In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2010. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

   In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 9: Determination of Fair Value and Note 6: Management Fees.

5. **Financial risk management policies**

   The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2010.

6. **Management fees**

   Nectrus Limited, the Investment Manager, and an affiliate of the Unitech Group, receives a management fee equivalent to 2 per cent per annum of the Company's average invested equity capital paid quarterly in arrears. With effect from 19 February 2009, 25% of the management fee will be deferred until the sale of each asset is completed and will be contingent on an internal rate of return ("IRR") of 10% being achieved on that project. The remaining 75% of the management fee will be invested in UCP shares acquired in the open market.

   At 30 September 2010, the total deferred management fee amounted to £2,751,048 (31 March 2010: £1,961,955). No provision for deferred management fee has been made at 30 September 2010 (31 March 2010: £nil), as the IRR on each project is below 10%.

**6. Management fees (continued)**

In addition the Group pays the Investment Manager a performance fee calculated by reference to the amount by which the internal rate of return on an investment project (Project IRR) exceeds certain benchmarks. The Investment Manager receives:

- a performance fee of 20 per cent of that part of the net cash flow generated in respect of a project that results in a Project IRR greater than 10 per cent and less than or equal to 20 per cent; and
- a performance fee of 30 per cent of that part of the net cash flow generated in respect of a project that results in a Project IRR greater than 20 per cent; minus
- any performance fees previously paid in respect of the relevant project.

The provision for performance fees at the period end has been determined on an individual project basis and the provision is £nil as at 30 September 2010 (31 March 2010: £nil).

**7. Investment property**

| | Unaudited 30 September 2010 £ | Audited 31 March 2010 £ |
|---|---|---|
| **Value** | | |
| Balance at start of period/year | 274,412,440 | 46,603,071 |
| Reclassification from investment property under construction | - | 335,723,948 |
| Additions | 11,230,470 | 17,012,325 |
| Revaluation of investment property | (106,936,513) | (137,815,658) |
| Effect of movements in exchange rates | (7,259,471) | 12,888,754 |
| Balance at end of period/year | 171,446,926 | 274,412,440 |

**8. Property, plant and equipment**

| | Plant and machinery £ | Fixtures and fittings £ | Land and buildings £ | Total £ |
|---|---|---|---|---|
| **Value, cost or deemed cost** | | | | |
| Balance at 1 April 2010 | 1,071,116 | 351,788 | 15,754 | 1,438,658 |
| Additions | 211,529 | 281,004 | - | 492,533 |
| Effect of movements in exchange rates | (31,418) | (11,433) | (445) | (43,296) |
| Balance at 30 September 2010 | 1,251,227 | 621,359 | 15,309 | 1,887,895 |
| **Depreciation** | | | | |
| Balance at 1 April 2010 | 131,999 | 42,602 | 764 | 175,365 |
| Depreciation for the period | 32,469 | 12,410 | 127 | 45,006 |
| Effect of movements in exchange rates | (3,900) | (1,270) | (22) | (5,192) |
| Balance at 30 September 2010 | 160,568 | 53,742 | 869 | 215,179 |
| **Carrying amounts** | | | | |
| At 1 April 2010 | 939,117 | 309,186 | 14,990 | 1,263,293 |
| At 30 September 2010 | 1,090,659 | 567,617 | 14,440 | 1,672,716 |

## 9. Determination of fair value

**Investment property and investment property under construction**

The Company's investment properties were valued at fair value in accordance with the RICS Appraisal and Valuation Standards by Knight Frank at 30 September 2010, 31 July 2010 and 31 March 2010. The valuer used the following valuation methodologies depending on each project's particular circumstances.

| **At 30 September 2010:**<br><br>**Particular** | **Method** | **Value £'m** |
|---|---|---|
| Already constructed and leased out portion | Income approach -<br>Discounted cash flow method (DCF) | 84 |
| Already constructed / under construction portion | Cost approach -<br>land and building method | 25.3 |
| Land without construction | Market approach -<br>land comparison method | 62.1 |

As at 31 March 2010, all properties were valued using the DCF method.

**Income approach** - this valuation methodology is applicable to properties which are in the nature of investments. All investments are intended to generate revenues and profits. The valuation methodology consists of ascertaining the present worth of future benefits. The income approach begins with an analysis of present income and series of projected income in the future. The primary factors that decide the yield of land and building by way of rental are the location, amenities provided in the building, occupational use, age of the building and type of neighbourhood.

**Cost approach** - under this valuation methodology, the value of a property is estimated by summing the land value and the depreciated value of any improvement. In most cases where the cost approach is involved, the overall methodology is a hybrid of the cost and sales comparison approaches ie while the replacement cost to construct a building can be determined by adding the labour, material and other costs, land values and depreciation must be derived from an analysis of comparable data.

**Market approach** - this valuation methodology is applicable to all property which is capable of being bought or sold in the market. A comparison is made for the purpose of valuation with similar properties that have recently been sold in the market and has thus been acquired at market value. The sale comparison approach is the preferred approach when sales data are available.

In the absence of a sale, sale prices of comparable properties are usually considered the best evidence of market value. Sale comparison approach models the behaviour of the market by comparing the properties being appraised with similar properties that have recently been sold or for which offers to purchase have been made. Comparable properties are selected for similarity to the subject property by way of attributes, such as age, size, shape, quality of construction, building features, condition , design, gentry, etc. Sales prices are then adjusted for their difference from the subject property and a market value is estimated from the adjusted sales price of the comparable properties.

## 10. Trade and other receivables

| | **Unaudited 30 September 2010 £** | **Audited 31 March 2010 £** |
|---|---|---|
| Amount due from related party (note 15) | 2,552,144 | 4,919,424 |
| Trade and other receivables | 6,709,979 | 6,031,213 |
| | 9,262,123 | 10,950,637 |

**11. Trade and other payables**

| | Unaudited 30 September 2010 £ | Audited 31 March 2010 £ |
|---|---|---|
| Trade payables | 9,859,887 | 8,076,547 |
| Amounts due to related parties | 197,512 | 622,379 |
| Social security and other taxes | 87,252 | 302,987 |
| Other payables | 249,528 | 216,400 |
| | 10,394,179 | 9,218,313 |

**12. Deferred tax liabilities**

| | Unaudited 30 September 2010 £ | Audited 31 March 2010 £ |
|---|---|---|
| *Deferred tax liabilities* | | |
| Arising on revaluation of investment property | 20,143,710 | 53,942,962 |

Deferred tax arising on the revaluation of investment property has been provided for at the reporting date as Indian capital gains tax would be payable in the event that the property was sold.

**13. Loss per share**

The calculation of loss per share for the six months ended 30 September 2010 is based on the loss for the period attributable to ordinary shareholders of £72,612,269 (six months ended 30 September 2009: loss of £33,542,621) and a weighted average number of ordinary shares outstanding of 360,000,000 (six months ended 30 September 2009: 360,000,000 ordinary shares outstanding).

**14. Net asset value per share**

The calculation of net asset value per share of £0.50 as at 30 September 2010 (£0.72 as at 31 March 2010) is based on the net assets attributable to ordinary shareholders of £179,039,148 and 360,000,000 ordinary shares outstanding (£258,216,859 and 360,000,000 ordinary shares outstanding as at 31 March 2010).

**15. Related-party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Ajay Chandra, a Director of the Company, is also the Managing Director of Unitech Limited.

As at 30 September 2010 and 31 March 2010 Aubrey John Adams was beneficially interested in 300,000 Ordinary Shares in the Company.

Nectrus Limited, the Investment Manager to the Company, is an affiliate of the Unitech Group, the Company's co-investor in the investment property under construction. It receives a management fee and performance fee from the Group as detailed in Note 6. In May 2009, Nectrus Limited agreed to compensate the Company for a loss of £4,919,424 incurred on a structured note investment. This amount is being repaid by way of offsetting the investment management fee due. At 30 September 2010 the balance owed by Nectrus Limited to the Company amounted to £2,552,144 as detailed in Note 10. At 30 September 2010 Nectrus Limited was beneficially interested in 16,256,517 Ordinary Shares in the Company.

**15. Related-party transactions (continued)**

Unitech Limited, the Company's co-investor, acts as project manager (for property which is under construction) for which it receives a project management fee at 5% of the total cost of construction. It also acts as property manager (for property which has been leased/operational property) for which it receives a property management fee based on the operational area. The Group's 60% share of the fees payable to Unitech Limited for the six months ended 30 September 2010 totalled £243,758 (six months ended 30 September 2009: £258,873) and the amount outstanding as at 30 September 2010 was £94,361 (31 March 2010: £622,379).

**16. Commitments**

The Group's share of capital commitments in respect of capital expenditure contracted for by the joint ventures as at 30 September 2010 was £77,025,579 (31 March 2010: £57,493,068).

**17. Subsequent events**

As announced on 23 November 2010, the Company's independent Directors (in conjunction with their financial advisers PricewaterhouseCoopers and Arbuthnot Securities and property advisers) considered the proposal by Unitech Limited of a possible offer at 31p per share and conluded that it did not represent an offer which they could recommend to the shareholders to accept. No further proposal has since been received from Unitech Limited.