

## ISHAAN REAL ESTATE PLC INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

### OVERVIEW

The Directors of Ishaan Real Estate plc announce the Company's unaudited results for the six months ended 30 September 2010.

#### Overview of the six months ended 30 September 2010

Net Asset Value	30 Sep 10	31 Mar 10	Change
Adjusted NAV per share (pence) <sup>(1)</sup> <sup>(2)</sup>	97.1	106.9	-9.2%
Reported NAV per share (pence) <sup>(1)</sup> <sup>(2)</sup>	77.4	82.3	-6.0%

- As at 30 September 2010, rent is being received on c.3.1 million sq. ft. of the portfolio, with an equivalent annualised rental income of c. £18.7 million.
- Net addition of c.761,000 sq. ft. (including c.165,000 sq. ft. previously under option) to the aggregate area let or terms agreed since the preliminary results announcement on 30 June 2010
- Since 30 June 2010, pre-sold additional c.20,000 sq. ft. at Vivarea, the premium residential project in Mumbai.
- Development area at Pocharam SEZ reduced from 3.8 million sq. ft. to 1.9 million sq. ft. to optimise the development, reducing the total development program to 20.6 million sq. ft.
- Aggregate estimated total cost of the projects in the portfolio revised from c.INR 61.2 bn (c.£860 million) to c.INR 63.9 bn (c.£898 million).
- Financing of c.INR 29.7 bn (c.£418 million) including debt facilities of c.INR 23.9 bn (c.£336 million) secured by Indian SPVs to fund the c.INR 32.6 bn (c.£458 million) cost of the areas constructed or currently under construction.
- Cash of £15.6 million at 30 September 2010.

#### Since the period end

- Additional c.0.8 million sq. ft. brought into construction at Mindspace, Madhapur (SEZ) project. As a result, total area constructed or currently under construction is now c.10 million sq. ft., comprising c.9 million sq. ft. of office and retail space and c.1 million sq. ft. of hotel and residential space, representing c.49 per cent. of the aggregate planned development of the portfolio.
- Terms have been agreed for c.143,000 sq. ft. at Mindspace, Airoli, Navi Mumbai; Mindspace, Madhapur, Hyderabad (non-SEZ); Inorbit, Pune and Inorbit, Bangalore. Also, an option for an area of c.164,000 sq. ft. has been exercised by a tenant at Mindspace, Madhapur, Hyderabad. As a result, the aggregate area let or terms agreed has increased to c.6.2 million sq. ft., representing c.68 per cent. of the revised lettable area constructed or currently under construction and c.32 per cent. of the aggregate lettable area of the portfolio.
- Options have been signed for an area of c.173,000 sq. ft. at Mindspace, Madhapur, Hyderabad. The aggregate area under options now stands at c.1.3 million sq. ft.

- A further c.6,000 sq. ft. has been pre-sold at Vivarea, Mumbai. As a result, an aggregate area of c.469,000 sq. ft. has now been pre-sold, representing c.76 per cent. of the residential area currently under construction.

**Ian Henderson, Chairman of Ishaan, comments:**

*“We are pleased by the continued progress we have made in letting our commercial developments and achieving further sales at our residential scheme. As the global economy recovers, we expect the occupier demand for our commercial developments to strengthen.*

*While the Indian economy continues on its path back to growth, inflationary pressures persist. These rising prices have contributed to an increase in our project costs. The recent revision to the Pocharam project development schedule and the increased building costs reflect our pragmatic approach to the business whilst the Indian real estate sector emerges from this challenging period.*

*Approximately 3.1 million sq. ft. is now yielding rental income. We anticipate that a further c.1.5 million sq. ft. will be yielding rental income by March 2011. The Board is reviewing the market for opportunities to exit the completed income producing assets and will seek to dispose of those properties as and when the appropriate exit is identified.*

*We would reiterate our confidence in the relative strength of the long-term fundamentals of the Indian economy and in our ability to complete these projects successfully and deliver on our investment objectives.”*

---

<sup>(1)</sup> Reported NAV per share is not considered the best method of evaluating performance as it excludes valuation surpluses attributable to development properties intended for sale and includes the impact of deferred tax liability on valuation surpluses. Adjusted NAV per share at 30 September 2010 includes all investments at current valuations in proportion to the Group’s shareholdings and a provision for a potential income tax liability in respect of the Vivarea project, but excludes the impact of the deferred tax provision arising on valuation surpluses, on the net assets of the Company and is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share.

<sup>(2)</sup> Exchange rate used for the purpose of this statement is 1GBP = 71.14 INR, the Reserve Bank of India reference rate at 29 September 2010. Exchange rate at 31 March 2010 was 1GBP = 68.03 INR.

**Contacts:**

**College Hill**

Gareth David

Direct : +44 207 457 2002

Mobile : +44 777 444 4162

Email: Gareth.David@collegehill.com

**Deutsche Bank AG London (NOMAD)**

Ben Lawrence

Tel: +44 20 7545 8000

Email: ben.lawrence@db.com

## **CHAIRMAN'S STATEMENT**

I am pleased to report the Company's results for the six months ended 30 September 2010.

### **Results for the six months ended 30 September 2010**

The Company made a loss before tax for the period of £3.7 million (30 September 2009 - £4.4 million loss), arising from the cost of investment advisory fees and the write-down of investments in the Company's portfolio partially offset by share of post tax profit of associates.

### **Valuation**

The 100 per cent. interests in the properties in the portfolio have been valued by Cushman & Wakefield (India) Pvt. Limited ('Cushman & Wakefield') at 30 September 2010 at a total of INR 41.8 bn. This represents an increase of 1.5 per cent. against a valuation of INR 41.2 bn reported at 31 March 2010. If construction expenditure capitalised during the period, which broadly reflects physical progress in construction, is adjusted for, the portfolio's value shows a fall of 2.7 per cent. The benefits of the improvement in market conditions and the progress made in lettings/sales of those buildings completed or nearing completion have been offset by the increase in cost estimates. These rising construction costs have impacted those phased developments which are less advanced and where completions have been delayed and the performance of these projects has lagged those nearer to completion and full occupation.

After conversion to pound Sterling, the 100 per cent. interests in the properties in the portfolio were valued at £588 million at 30 September 2010, with Ishaan's 40 per cent. interest valued at £235 million, compared to £242 million at 31 March 2010, a decrease of 2.9 per cent (a decrease of 7.0 per cent. after adjusting for construction expenditure capitalised during the period). This decrease in pound Sterling valuation in part reflects a 4.3 per cent. decrease in value since 31 March 2010 on account of exchange translation loss (the exchange rate moved from INR 68.03 on 31 March 2010 to INR 71.14 on 29 September 2010).

### **Net Asset Value**

Reported net asset value per share was 77.4p at 30 September 2010 against 82.3p at 31 March 2010. Reported net asset value per share is calculated based on the Group's reported net assets at period/year end divided by the number of shares in issue and excludes valuation surpluses attributable to development properties intended for sale.

Adjusted net asset value per share was 97.1p at 30 September 2010 a decrease of 9.2 per cent against 106.9p at 31 March 2010. The decline in adjusted net asset value per share reflects the decrease in the underlying value of the portfolio and the exchange translation loss.

Adjusted NAV per share is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share. Adjusted NAV per share includes all investments at current valuations in proportion to the Group's shareholdings in each project and a provision for a potential income tax liability on the Vivarea project and excludes deferred tax provisions arising on valuation surpluses for all investment properties.

The Board considers it appropriate to exclude deferred tax provisions arising on valuation surpluses for all investment properties in determining Adjusted NAV per share as the Group's exit from its investment in the Indian SPVs holding the Company's projects is not expected to entail the sale of development properties, which should trigger the crystallisation of the deferred tax provision. There have been judicial rulings in India that have upheld the requirement that acquirers of controlling stakes in Indian companies should withhold Indian tax from consideration payable to overseas sellers. These judicial developments are considered inconclusive about the ultimate Indian tax liability of the overseas sellers on gains from the divestment of controlling stakes in Indian companies, and also about their applicability to the divestment by overseas sellers of minority stakes in Indian companies. Given these uncertainties, the Board considered it premature to include any provision in respect of deferred tax provisions arising on valuation surpluses, in determining Adjusted NAV per share.

## **Project Progress**

The Portfolio includes nine development projects in or around the Indian cities of Mumbai, Hyderabad, Bangalore and Pune including four notified Special Economic Zones (SEZ) projects.

With demand improving, the Company has decided to bring a further area of c.0.8 million sq. ft. into construction at Mindspace Madhapur, Hyderabad (SEZ). Consequently the total area under construction is now c.10 million sq. ft. comprising c.9 million sq. ft. of office and retail space and c.1 million sq. ft. of hotel and residential space.

Since the period end, terms have been agreed for c.107,000 sq. ft. at Mindspace, Airoli, Navi Mumbai, c.8,000 sq. ft. at Mindspace, Madhapur, Hyderabad (non-SEZ), c.9,000 sq. ft. at Inorbit, Pune and c.19,000 sq. ft. at Inorbit Bangalore. Options over 164,000 sq. ft. have been exercised by a tenant at Mindspace, Madhapur, Hyderabad.

In consequence, net additional space of c.1.1 million sq. ft. (including c.329,000 sq. ft. previously under option) has been let or terms agreed across the following projects in the portfolio since the preliminary results announcement on 30 June 2010:

- c.286,000 sq. ft. at Mindspace, Airoli, Navi Mumbai
- c.551,000 sq. ft. at Mindspace, Madhapur, Hyderabad SEZ and non-SEZ
- c.232,000 sq. ft. across Inorbit Malls at Hyderabad, Pune and Bangalore

As a result, the aggregate area let or terms agreed across the portfolio has increased to c.6.2 million sq. ft., (5.1 million sq. ft. as reported in the preliminary results announcement on 30 June 2010) representing c.68 per cent. of the revised lettable area constructed or currently under construction and c.32 per cent. of the aggregate lettable area of the portfolio.

Since the period end, options have been signed for an area of c.173,000 sq. ft. at Mindspace, Madhapur, Hyderabad.

The aggregate area under options now stands at c.1.3 million sq. ft. (c.1.5 million sq. ft. as reported on 30 June 2010) reflecting:

- Options over c.329,000 sq. ft. exercised by tenants since the 30 June 2010 reporting
- Options over c.48,000 sq. ft. given up by the tenants
- Options over c.173,000 sq. ft. signed by a tenant

Since the preliminary results announcement on 30 June 2010, an additional c.26,000 sq. ft. of residential space has been pre-sold at Vivarea, Mumbai. With this, a total of c.469,000 sq. ft. has been pre-sold at this project at an average price higher than that estimated at the time of IPO. Of the total available saleable area of c.0.86 million sq. ft. at this project, the saleable area from the area currently under construction has been revised from c.0.66 million sq. ft. to c.0.62 million sq. ft. and the saleable area from the fourth tower increased from c.0.20 million sq. ft. to c.0.24 million sq. ft. reflecting the reallocation of saleable area of c.40,000 sq. ft. between the area currently under construction and the planned fourth tower. The area pre-sold, therefore represents c.76 per cent. of the revised saleable residential area currently under construction.

At Commerzone, Bangalore the retail area is being increased from c.0.27 million sq. ft. to c.0.37 million sq. ft. to now include a proposed multiplex cinema in the retail development. The number of rooms in the hotel is being increased from 250 to approximately 320 resulting in the area increasing from c.0.27 million sq. ft. to c.0.36 million sq. ft.

In order to optimize its SEZ development at Pocharam, Hyderabad, the total development area at this project has been reduced from c.3.8 million sq. ft. to c.1.9 million sq. ft. The reduction in total development area will mean a corresponding decrease in the project's long term rental income potential and project costs.

The revised aggregate area planned for development and the area currently under construction is as follows:

Project	Area sq. ft.				
	Area constructed	Area under construction	Area constructed and under construction (c = a + b)	Area for future development	Total planned development
	(a)	(b)	(c = a + b)	(d)	(e = c + d)
Mindspace, Airoli, Navi Mumbai #	1,116,000	1,614,000	2,730,000	1,180,000	3,910,000
Mindspace, Pocharam	336,000	-	336,000	1,564,000	1,900,000
Mindspace, Madhapur (SEZ) #	495,000	2,135,000	2,630,000	2,020,000	4,650,000
Mindspace, Madhapur (non-SEZ) ***	1,700,000	-	1,700,000	-	1,700,000
Inorbit, Hyderabad *	760,000	-	760,000	320,000	1,080,000
Inorbit, Pune *	-	546,000	546,000	195,000	741,000
Commerzone, Bangalore (Retail) *	-	369,000	369,000	-	369,000
Mindspace, Juinagar, Navi Mumbai	-	-	-	4,500,000	4,500,000
<b>Sub-Total</b>	<b>4,407,000</b>	<b>4,664,000</b>	<b>9,071,000</b>	<b>9,779,000</b>	<b>18,850,000</b>
Vivarea, Mumbai **	-	620,000	620,000	240,000	860,000
Commerzone, Bangalore ***	-	360,000	360,000	481,000	841,000
<b>Total</b>	<b>4,407,000</b>	<b>5,644,000</b>	<b>10,051,000</b>	<b>10,500,000</b>	<b>20,551,000</b>

\* The retail areas at these projects are the chargeable area. Retail area at Inorbit Pune is being revised from c.0.49 million sq. ft. to c.0.55 million sq. ft. to reflect the actual efficiency and does not entail any increase in the built up area of the retail space.

\*\* Represents the chargeable / saleable area

\*\*\* Area under construction represents the Hotel development and area for future development represents Commercial and Serviced Apartments development

# Minor area revision has been carried out to the area constructed or under construction at these projects to reflect the actual developed area of the completed buildings or buildings nearing completion

Updated levels of letting activity in the Company's portfolio are as follows:

Project	Area sq. ft.					
	Area let (a)	Terms agreed (b)	Aggregate area (Area let & Terms Agreed) (c)=(a+b)	Revised lettable area constructed or under construction (d)	% of area constructed or under construction (c)/(d)	Area yielding rent as at 30 Sep 10
Mindspace, Airoli, Navi Mumbai	703,000	1,715,000	2,418,000	2,730,000	89%	702,000
Mindspace, Pocharam	26,000	-	26,000	336,000	8%	26,000
Mindspace, Madhapur (SEZ)	651,000	164,000	815,000	2,630,000	31%	424,000
Mindspace, Madhapur (non-SEZ)	1,418,000	254,000	1,672,000	1,700,000	98%	1,402,000
Inorbit, Hyderabad *	666,000	29,000	695,000	760,000	91%	542,000
Inorbit, Pune *	-	393,000	393,000	546,000	72%	-
Commerzone, Bangalore *	-	147,000	147,000	369,000	40%	-
<b>Total</b>	<b>3,464,000</b>	<b>2,702,000</b>	<b>6,166,000</b>	<b>9,071,000</b>	<b>68%</b>	<b>3,096,000</b>

\* Figures for these projects are for the retail space at the respective projects

Besides the above letting, options / Rights Of First Refusal (ROFRs) have been signed for c.1.3 million sq. ft. at the following projects. These options / ROFRs are due to be exercised over the next 1-2 years.

Project	Area under option / ROFR (sq. ft.)
Mindspace, Airoli, Navi Mumbai	874,000
Mindspace, Madhapur (SEZ)	465,000

Rental income has commenced on an aggregate area of c.3.1 million sq. ft. across five projects in the portfolio. Rent of c.£8.5 million has been generated from these lettings in the half year ended 30 September 2010. Annualised rent from this area is estimated at c.£18.7 million. In addition, by March 2011, the Company expects rent to commence on another c.1.5 million sq. ft. of space constructed or currently under construction.

Inorbit Mall at Madhapur, Hyderabad which was launched in October 2009, is now operational with over 70 per cent. area trading. The mall has already achieved single day footfall of c.150,000.

#### Project details:

##### Mindspace, Airoli, Navi Mumbai

Since 30 June 2010, terms have been agreed with IT/ITES companies for an additional c.332,000 sq. ft. (including c.44,000 sq. ft. previously under option), while c.46,000 sq. ft. of area let has been given up by a tenant. As a result, the total area let or terms agreed at this project is now c.2.4 million sq. ft., representing c.89 per cent. of the area constructed or currently under construction. Options over c.40,000 sq. ft. have been given up by the tenants. In aggregate, c.874,000 sq. ft. is under option/ROFR at this project. As at 30 September 2010, rent has commenced from c.702,000 sq. ft.

Four buildings are complete of which two are fully operational and space has been handed over to tenants for fit-outs in the other two buildings. Some tenants have commenced operations at these buildings. Services and external work is in progress at the fifth building and space has been handed over to the tenant for fit-outs. Super-structure work is in progress on another two buildings and excavation work is in progress on the eighth building.

#### **Mindspace, Pocharam, Hyderabad**

As discussed above, in order to optimize its SEZ development at Pocharam, Hyderabad, the total development area at this project has been reduced from c.3.8 million sq. ft. to c.1.9 million sq. ft. The reduced development plan will allow development of buildings to suit tenant specifications in a campus style. This together with a cost efficient design will help reduce the estimated project cost.

The completion timeline of Q3 2016 for the project remains unchanged. One building has been constructed and super structure work is partly completed on another building. Area let at this project stands at 26,000 sq. ft.

#### **Mindspace, Madhapur, Hyderabad (SEZ Development)**

With demand improving, the Company has decided to commence construction on a further area of c.0.8 million sq. ft. An aggregate of c.2.6 million sq. ft. is now constructed or under construction.

Since 30 June 2010, options for c.197,000 sq. ft. have been exercised by tenants and c.8,000 sq. ft. of additional area has been let. As a result, the aggregate area let or terms agreed at this project is now c.815,000 sq. ft. representing c.31 per cent. of the revised area constructed or currently under construction. As at 30 September 2010, rent has commenced from an area of c.424,000 sq. ft.

Since the period end, options have been signed for an area of 173,000 sq. ft. The total area under options at this project now stands at c.465,000 sq. ft.

Construction has been completed on one of the buildings and several tenants have commenced operations. Services and utilities work is in progress at the second building, with the tenant having commenced fit-outs. Super-structure work is in progress at the third building and excavation work is on-going at the fourth building.

#### **Mindspace, Madhapur, Hyderabad (Non-SEZ Development)**

Since 30 June 2010, an additional area of c.346,000 sq. ft. (including 88,000 sq. ft. previously under option) has been let or terms agreed at this project. As a result, the aggregate area let or terms agreed now aggregates c.1.67 million sq. ft. representing c.98 per cent. of the project area. As at 30 September 2010, rent has commenced from c.1.4 million sq. ft.

As mentioned above, since 30 June 2010, an option for an area of c.88,000 sq. ft. has been exercised by the tenant, while options over an area of c.12,000 sq. ft. has been given up by the tenant.

Of the three buildings in the project, two buildings are fully occupied. The third building is partly occupied and fit-outs are in progress by tenants.

### **Inorbit, Madhapur, Hyderabad**

Since 30 June 2010, terms have been agreed for additional c.83,000 sq. ft. of retail space. The aggregate area let and terms agreed at this project is now c.695,000 sq. ft. representing c.91 per cent. of the retail space planned for development. As at 30 September 2010, rent has commenced from c.542,000 sq. ft.

The mall, which opened in October 2009, has already achieved footfalls of c.150,000 in a single day by July 2010 with over 70 per cent. of the area currently trading. Civil work at the multiplex is complete and finishes and service work is in progress. Development of the IT space is currently on hold.

### **Inorbit, Pune**

Retail area at this project has increased from c.489,000 sq. ft. to c.546,000 sq. ft. to reflect actual efficiency and does not entail any increase in the built up area. Since 30 June 2010, terms have been agreed for c.107,000 sq. ft. The aggregate terms agreed at this project now stands at c.393,000 sq. ft. representing c.72 per cent. of the retail space.

Structural work at the mall is complete and finishes and utilities work is in progress. Anchor tenants have commenced fit outs. The mall is expected to be operational by the first quarter of 2011. Development of the IT space will only be considered after securing pre-letting from potential tenants.

### **Vivarea, Mumbai**

The structure is complete at three of the residential towers, with finishes and interior work in progress. Certain approvals for the fourth tower are awaited. Construction will commence as soon as the approvals are received.

Of the total available saleable area of c.0.86 million sq. ft. at this project, the saleable area from the area currently under construction has been revised to c.0.62 million sq. ft. from c.0.66 million sq. ft. and the saleable area from the fourth tower has been revised to c.0.24 million sq. ft. from c.0.20 million sq. ft., reflecting the reallocation of saleable area of c.40,000 sq. ft. between the area currently under construction and the planned fourth tower. A total of c.469,000 sq. ft. has been pre-sold at this project, representing c.76 per cent. of the saleable area of 0.62 million sq. ft.

### **Commerzone Bangalore**

Super-structure work is in progress at Hotel and Retail site. An agreement was signed with Marriott International in December 2009 for the management of the hotel.

Retail area at this project has increased from c.0.27 million sq. ft. to c.0.37 million sq. ft. to now include a proposed multiplex cinema in the retail development. Since 30 June 2010, terms have been agreed for c.42,000 sq. ft. The aggregate terms agreed stand at c.147,000 sq. ft., representing c.40 per cent. of the retail space of this project. Further, the hotel space planned for construction has increased to c.0.36 million sq. ft. from c.0.27 million sq. ft.

Development of the serviced apartments and commercial space is currently on hold and will be considered only when the Company is convinced of the demand potential.

### **Mindspace, Juinagar, Navi Mumbai**

Provisionally scheduled for completion in the first quarter of 2015, foundation work has been completed on three buildings. The Company plans to commence further construction only after there is an evidence of occupier demand and confidence that a satisfactory level of pre-letting can be achieved.

### **Sustainable Development**

Under a commitment to develop environment friendly sustainable real estate, largely all commercial buildings in the portfolio are being developed as Green buildings registered with the Indian Green Building Council, an affiliate of the US Green Building Council. One of the buildings at Mindspace, Madhapur, Hyderabad (non-SEZ), has been certified 'LEED PLATINUM' and another building at Mindspace, Airoli, Navi Mumbai is rated 'LEED GOLD'.

### **Cost & Financing**

A full review of the estimated costs for each of the projects in the portfolio has recently been completed. As a result, the aggregate estimated total cost of the projects in the portfolio has been revised from c.INR 61.2 bn (c.£860 million) to c.INR 63.9 bn (c.£898 million).

In its preliminary results announcement on 30 June 2010, the Company announced delays in the completion schedules for several of its projects. In addition, as described above, the areas of certain projects have also now been increased. These changes, together with adjustments for the prevailing cost of construction and inflation have increased estimated project costs by c.INR 6.9 bn (c.£97 million). This is offset in part by the decrease in the estimated costs for the Pocharam project by c.INR 4.2 bn (c.£59 million) due to the reduction of the development area by 1.9 million sq. ft.

Currently c.9.4 million sq. ft. is under construction at the projects in the portfolio (excluding Vivarea). The estimated cost for this area currently under construction together with the cost historically incurred on the area which is currently not under construction is c.INR 32.6 bn (c.£458 million).

Against this estimated cost of c.INR 32.6 bn (c.£458 million) the Indian SPVs have secured funding of c.INR 29.7 bn (c.£418 million) comprising:

- shareholders equity of c.INR 4.2 bn (c.£59 million),
- debt facilities of c.INR 23.9 bn (c.£336 million) and
- security deposits received/receivable on areas let or terms agreed of c.INR 1.6 bn (c.£23 million).

Of the above estimated project cost for the area currently under development, c.INR 21.8 bn (c.£307 million) has been incurred up-to 30 September 2010. The Indian SPVs had drawdown debt of c.INR 14.5 bn (c.£204 million) at 30 September 2010, with the unutilised facilities of c.INR 9.4 bn (c.£132 million). In addition, c.76 per cent. of the saleable residential space currently under construction at Vivarea is pre-sold, which is being used to fund the cost of construction of this project.

The debt facility of c.INR 23.9 bn (c.£336 million) includes debt of c.INR 17.6 bn (c.£247 million) in form of long term amortizing loans. The balance debt of c.INR 6.3 bn (c.£89 million) is other construction debt.

<b>Debt Maturity Profile:</b>	<b>INR bn</b>	<b>GBP Mn</b>
<b>Long term amortizing loans</b>	17.6	247
<b>Other Construction debt</b> (all repayable beyond March 2012)	6.3	89
<b>TOTAL</b>	<b>23.9</b>	<b>336</b>

Having secured funding for the area currently under development, the Company is confident of meeting its future development requirements through further debt financing.

In an effort to contain the high level of inflation and the negative real interest rates, the Reserve Bank of India has over the past few months increased the policy rates which has resulted in a marginal increase in the Indian SPVs' borrowing cost. The current interest rates on the funding secured by the Indian SPVs are c.10.5-11.5 per cent. p.a.

### **Dividend**

In accordance with the dividend policy set out in the IPO document, which stated that it was not anticipated that dividends would be paid in the foreseeable future, as projects remain in a highly capital intensive stage, the Board is not declaring a dividend for the six months ended 30 September 2010. The Board will consider payment of dividends when it becomes commercially prudent to do so.

### **Outlook**

Various indicators of economic activity in advanced economies point to the slow pace of economic recovery to persist through the first half of 2011. In contrast, many emerging and developing economies, including India, are seeing growth led by strengthened domestic demand albeit with some inflationary pressures. Commodity prices in particular continue to rise principally reflecting the strong demand from emerging economies.

In India, with the rise in prices of residential properties and tapering of the pent up demand, the residential sales volumes have moderated. In some markets like Mumbai, rising prices have reduced the affordability, which coupled with the upcoming supply could see prices correcting in the near to medium term. Commercial leasing activity has however improved, but continued demand will depend on a continuing improvement in economic activity. Commercial rental values and yields have now stabilised after remaining subdued for most of the year.

To contain inflation and balance the liquidity, the Reserve Bank of India has taken various policy steps, including an increase in policy rates, some of which have been directed towards the real estate sector to curb the rising real estate prices. These policy measures are expected to tighten interest rates for the sector.

As previously noted, the market for investment properties in India is still relatively nascent as evidenced by the limited number of transactions that have taken place to date. As we now have a completed project, and a further one due to be completed in the next six months, we are reviewing the market for opportunities to exit these investments and maximise shareholder value.

**Ian Henderson**

**Chairman**



# Review report by KPMG Audit LLC to Ishaan Real Estate plc

## **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2010, which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly 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 half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2 the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half yearly report have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2010.

## **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly 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 half-yearly 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**  
**Douglas**  
**Isle of Man**

9 December 2010

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

		Unaudited From 1 April 2010 to 30 September 2010	Unaudited From 1 April 2009 to 30 September 2009	Audited From 1 April 2009 to 31 March 2010
	Notes	£000's	£000's	£000's
Administrative expenses	4	(1,879)	(2,030)	(3,936)
Share of post tax profit / (losses) of associates	6	880	(1,286)	(1,438)
Write-down of investments in associates net of investment adviser performance fees	5	(2,709)	(1,182)	(2,072)
<b>Group operating loss from continuing operations</b>		<b>(3,708)</b>	<b>(4,498)</b>	<b>(7,446)</b>
Net finance income		52	100	152
<b>Loss from continuing operations before tax</b>		<b>(3,656)</b>	<b>(4,398)</b>	<b>(7,294)</b>
Taxation		-	-	-
<b>Loss for the period from continuing operations</b>		<b>(3,656)</b>	<b>(4,398)</b>	<b>(7,294)</b>
<b>Other comprehensive (loss)/ income</b>				
Foreign currency translation reserve - associates	6	(3,452)	(3,799)	5,096
<b>Other comprehensive (loss)/income for the period</b>		<b>(3,452)</b>	<b>(3,799)</b>	<b>5,096</b>
<b>Total comprehensive loss for the period attributable to equity holders of parent</b>		<b>(7,108)</b>	<b>(8,197)</b>	<b>(2,198)</b>
<b>Basic and diluted loss per share attributable to the equity holders of the parent during the period (expressed as pence per share)</b>				
Basic loss per share	8	(2.51)	(2.84)	(4.86)
Diluted loss per share	8	(2.51)	(2.84)	(4.86)

The attached notes 1 to 10 form an integral part of these unaudited consolidated financial statements.

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

		Unaudited 30 September 2010	Unaudited 30 September 2009	Audited 31 March 2010
	Notes	£000's	£000's	£000's
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in associates	6	100,622	101,207	106,497
		100,622	101,207	106,497
<b>Current assets</b>				
Trade and other receivables		95	107	113
Cash and short-term deposits		15,620	19,155	16,641
		15,715	19,262	16,754
<b>TOTAL ASSETS</b>		<b>116,337</b>	<b>120,469</b>	<b>123,251</b>
 <b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to shareholders of the parent company</b>				
Share capital	7	1,456	1,451	1,455
Share capital redemption reserve		622	622	622
Share premium		-	175,933	-
Foreign currency translation reserve		3,640	(1,803)	7,092
Retained profits/(losses)		106,930	(62,556)	110,537
<b>Total equity</b>		<b>112,648</b>	<b>113,647</b>	<b>119,706</b>
<b>Current liabilities</b>				
Trade and other payables		873	849	135
<b>Non-current liabilities</b>				
Financial liabilities		2,816	5,973	3,410
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>116,337</b>	<b>120,469</b>	<b>123,251</b>

The attached notes 1 to 10 form an integral part of these unaudited consolidated financial statements.

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

	Unaudited From 1 April 2010 to 30 September 2010	Unaudited From 1 April 2009 to 30 September 2009	Audited From 1 April 2009 to 31 March 2010
	£000's	£000's	£000's
<b>OPERATING ACTIVITIES</b>			
<b>Loss before tax from continuing operations</b>	<b>(3,656)</b>	<b>(4,398)</b>	<b>(7,294)</b>
<b>Adjustments for:</b>			
Interest income	(52)	(100)	(152)
Share of (profits)/losses of associates	(880)	1,286	1,438
Share based payment charge	-	16	20
Grant of directors' annual share options	50	80	136
Write-down of investments in associates net of investment adviser performance fee	2,709	1,182	2,072
<b>Operating loss before working capital changes</b>	<b>(1,829)</b>	<b>(1,934)</b>	<b>(3,780)</b>
Decrease in trade and other receivables	18	97	91
Increase/(decrease) in trade and other payables	738	(98)	(812)
<b>Net cash flows from operating activities</b>	<b>(1,073)</b>	<b>(1,935)</b>	<b>(4,501)</b>
<b>INVESTING ACTIVITIES</b>			
Interest received	52	100	152
<b>Net cash flows from investing activities</b>	<b>52</b>	<b>100</b>	<b>152</b>
<b>FINANCING ACTIVITIES</b>			
Purchase of own share capital	-	(18,600)	(18,600)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>(18,600)</b>	<b>(18,600)</b>
Net movements in cash and cash equivalents	(1,021)	(20,435)	(22,949)
Cash and cash equivalents at the beginning of period	16,641	39,590	39,590
<b>Cash and cash equivalents at the end of the period</b>	<b>15,620</b>	<b>19,155</b>	<b>16,641</b>
Represented by:			
Cash and short term deposits	15,620	19,155	16,641
	<b>15,620</b>	<b>19,155</b>	<b>16,641</b>

The attached notes 1 to 10 form an integral part of these unaudited consolidated financial statements.

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

	Share capital	Share Capital Redemption Reserve	Share Premium	Retained earnings / (losses)	Foreign currency translation reserve	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 April 2009</b>	<b>2,069</b>	<b>2</b>	<b>175,933</b>	<b>(39,652)</b>	<b>1,996</b>	<b>140,348</b>
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	(4,398)	-	(4,398)
<b>Other comprehensive loss</b>						
Foreign currency translation reserve - associates	-	-	-	-	(3,799)	(3,799)
Total other comprehensive income	-	-	-	-	(3,799)	(3,799)
Total comprehensive loss for the period	-	-	-	(4,398)	(3,799)	(8,197)
<b>Transactions with owners, recorded directly in equity (Contributions by and distributions to owners)</b>						
Issue of shares under directors' annual options	2	-	-	(2)	-	-
Share based payment charge	-	-	-	16	-	16
Grant of directors' annual share options	-	-	-	80	-	80
Own shares acquired	(620)	620	-	(18,600)	-	(18,600)
Total transaction with owners	(618)	620	-	(18,506)	-	(18,504)
<b>Balance at 30 September 2009</b>	<b>1,451</b>	<b>622</b>	<b>175,933</b>	<b>(62,556)</b>	<b>(1,803)</b>	<b>113,647</b>
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	(2,896)	-	(2,896)
<b>Other comprehensive income</b>						
Foreign currency translation reserve - associates	-	-	-	-	8,895	8,895
Total other comprehensive income	-	-	-	-	8,895	8,895
Total comprehensive (loss)/ income for the period	-	-	-	(2,896)	8,895	5,999

The attached notes 1 to 10 form an integral part of these unaudited consolidated financial statements.

## Consolidated Statement of Changes in Equity (continued) For the six months ended 30 September 2010

	Share capital	Share Capital Redemption Reserve	Share Premium	Retained earnings / (losses)	Foreign currency translation reserve	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Transactions with owners, recorded directly in equity (Contributions by and distributions to owners)</b>						
Issue of shares under directors' annual options	4	-	-	(4)	-	-
Share based payment charge	-	-	-	4	-	4
Grant of directors' annual share options	-	-	-	56	-	56
Court approved capital reduction	-	-	(175,933)	175,933	-	-
<b>Total transaction with owners</b>	<b>4</b>	<b>-</b>	<b>(175,933)</b>	<b>175,989</b>	<b>-</b>	<b>60</b>
<b>Balance at 31 March 2010</b>	<b>1,455</b>	<b>622</b>	<b>-</b>	<b>110,537</b>	<b>7,092</b>	<b>119,706</b>
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	(3,656)	-	(3,656)
<b>Other comprehensive income</b>						
Foreign currency translation reserve - associates	-	-	-	-	(3,452)	(3,452)
<b>Total other comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,452)</b>	<b>(3,452)</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,656)</b>	<b>(3,452)</b>	<b>(7,108)</b>
<b>Transactions with owners, recorded directly in equity (Contributions by and distributions to owners)</b>						
Issue of shares under directors' annual options	1	-	-	(1)	-	-
Grant of directors' annual share options	-	-	-	50	-	50
<b>Total transaction with owners</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>50</b>
<b>Balance at 30 September 2010</b>	<b>1,456</b>	<b>622</b>	<b>-</b>	<b>106,930</b>	<b>3,640</b>	<b>112,648</b>

The attached notes 1 to 10 form an integral part of these unaudited consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1 The Company

The Company was incorporated in the Isle of Man on 11 August 2006 as a public company under the Isle of Man Companies Acts 1931 to 2004 with registered number 117470C. The Company's Ordinary Shares are traded on AIM.

The principal activity of the Company and its subsidiaries is that of investment holding.

The consolidated financial statements of Ishaan Real Estate plc comprises the Company and its subsidiaries (together referred to as the "Group").

This interim financial information for the period ended 30 September 2010 is unaudited and does not constitute statutory accounts within the meaning of the Companies Acts 1931 to 2004.

The statutory accounts for the period from 1 April 2009 to 31 March 2010 which were prepared in accordance with International Financing Reporting Standards (IFRS) have been filed and copies can be obtained from the Registered Office of the Company at Top Floor, 14 Athol Street, Douglas, Isle of Man. The auditors' report on those accounts was unqualified. This unaudited interim financial information includes the results of the Company and its wholly owned subsidiaries for the period under review.

## 2 Significant Accounting Policies

### (a) Basis of accounting

The condensed financial statements have been prepared under historical cost convention except for investment properties that have been measured at fair value.

### (b) Basis of preparation

The condensed financial statements have been prepared using accounting policies that are consistent with those followed in preparation of the Group's annual financial statements for the period 1 April 2009 to 31 March 2010, and in accordance with International Accounting Standards ("IAS") 34: Interim Financial Reporting. The consolidated financial statements have been prepared in pounds sterling.

### (c) Other financial liabilities - Investment adviser performance fees

The provision for performance fees payable to the Investment Adviser represents the Directors' estimate of the present value of the future cash flows payable, discounted using the Directors' estimate of the risk adjusted value of money. These fees are considered to be directly attributable to the acquisition by the Group of its investment in its associates and the amount provided has been included in the cost of the Group's investment in associates. Subsequent to the date of acquisitions, revisions to these provisions are charged to the profit or loss.

### (d) Investment property

At 31 March 2009, the Group adopted Amendment to IAS 40 Investment property that amended the definition of investment property to include property that is being constructed or developed for future use as investment property.

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both and property that is being constructed or developed for future use as investment property (which includes freehold/leasehold land) are classified as investment properties.

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under IAS 40. Any gain or loss arising from a change in value is recognized in profit or loss.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in other comprehensive income if it is a gain. Upon disposal of the item, the gain is transferred directly to retained earnings to the extent of the revaluation surplus recognized in other comprehensive income. Any loss arising in this manner is recognized in profit or loss immediately.

If the investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

### 3 Segment Reporting

The Directors consider the Group to be operating in one geographic segment and one business segment since all investments are in India and all the operations in India are concerned with property development. Consequently no segmental disclosures have been presented.

### 4 Administrative expenses

	Unaudited From 1 April 2010 to 30 September 2010 £000's	Unaudited From 1 April 2009 to 30 September 2009 £000's	Audited From 1 April 2009 to 31 March 2010 £000's
Directors' fees and expenses	63	32	93
Secretarial and administration	51	60	110
Audit fees	35	33	79
Investment adviser fees	1,520	1,520	3,040
Other professional fees	103	220	339
Other expenses	57	69	119
Share based payment charge	-	16	20
Grant of Directors' annual share options	50	80	136
	<b>1,879</b>	<b>2,030</b>	<b>3,936</b>

### 5 Write-down of investments in associates

The Group writes-down its investments in associates, including the cost of performance fees payable, to its share of net assets in respect of those associates holding investment properties which were stated at valuation. The investment in one of the associates, which holds properties held for sale, was not written down and is stated at cost plus share of profits/losses and cost of performance fees payable.

	Unaudited 30 September 2010 £000's	Unaudited 30 September 2009 £000's	Audited 31 March 2010 £000's
Write-down of investments to share of net assets in associates	(3,303)	(752)	(4,205)
Investment adviser performance fees	594	(430)	2,133
	<b>(2,709)</b>	<b>(1,182)</b>	<b>(2,072)</b>

## 6 Investments in associates

	Unaudited 30 September 2010 £000's	Unaudited 30 September 2009 £000's	Audited 31 March 2010 £000's
Unquoted			
Balance at the beginning of the period	106,497	107,044	107,044
Share of post tax profit/(losses) of associates	880	(1,286)	(1,438)
Write-down of investments to share of net assets in associates*	(3,303)	(752)	(4,205)
Foreign currency translation	(3,452)	(3,799)	5,096
<b>Balance at the end of the period</b>	<b>100,622</b>	<b>101,207</b>	<b>106,497</b>

\* As detailed in note 5, the Group wrote-down its investments in associates except for one associate which holds properties held for sale. Had the fair value gains on the properties in this associate been recorded in the books, the investment in associate would have been higher by GBP 14.133 million (31 March 2010: GBP 18.830 million).

Properties held by the associates have been valued by Cushman & Wakefield (India) Pvt. Limited at 30 September 2010. All the properties were valued on the basis of market value. The valuations have been made in accordance with the appropriate sections of both the current Practice Statements and United Kingdom Practice Statements contained within the RICS Appraisal and Valuation Standards, 6<sup>th</sup> Edition (the "Red Book"). For development projects, the valuation assumes completion to a high standard and is based on gross development value less future expenditure to be incurred on costs of development.

**Summarised financial information extracted from the interim financial statements of associates for six month period ended 30 September 2010 is given below:**

	Genext £000's	Trion £000's	Serene £000's	Magna £000's	Sundew £000's	Intime £000's	Newfound £000's
<b>Share of the associates balance sheet:</b>							
Total assets	65,911	39,098	59,100	13,370	39,563	32,924	11,244
Total liabilities	59,383	28,604	40,332	9,759	22,701	21,928	4,028
<b>Share of the associates results:</b>							
Total revenue	-	1,583	1,383	82	514	2,102	-
Profit/(loss) for the period (excluding movements in valuation of properties)	1,105	(17)	(529)	5	(191)	676	(169)

## 6 Investments in associates (continued)

Summarised financial information extracted from the interim financial statements of associates for six month period ended 30 September 2009 is given below:

	Genext £000's	Trion £000's	Serene £000's	Magna £000's	Sundew £000's	Intime £000's	Newfound £000's
<b>Share of the associates balance sheet:</b>							
Total assets	22,343	30,570	49,297	10,890	33,784	27,786	15,432
Total liabilities	17,597	21,314	29,298	6,820	16,209	19,089	4,574
<b>Share of the associates results:</b>							
Total revenue	-	231	553	-	113	598	-
Profit/(loss) for the period (excluding movements in valuation of properties)	153	(360)	(21)	(27)	(436)	(473)	(122)

Details of the investments in associates are as follows:

Investee company	Country of Incorporation	Type of Shares	% Holding 30 September 2010	% Holding 31 March 2010
Trion Properties Private Limited	India	Equity Preference	40% 100%	40% 100%
Serene Properties Private Limited	India	Equity Preference	40% 100%	40% 100%
Magna Warehousing and Distribution Private Limited	India	Equity Preference	40% 100%	40% 100%
Genext Hardware and Parks Private Limited **	India	Equity Preference	40% -	38.80% 100%
Intime Properties Private Limited *	India	Equity Preference	40% -	39.89% 100%
Sundew Properties Private Limited *	India	Equity Preference	40% -	39.87% 100%
Newfound Properties and Leasing Private Limited **	India	Equity Preference	38.64% 100%	38.64% 100%

The principal activity of all associates is real estate development.

\* The Preference Shares to be compulsorily converted into Equity shares in one tranche at the expiry of a period of three years and ten calendar days from the date of the allotment. Out of the face value of INR100,000 of each of the preference share upon its conversion, INR10 shall be treated as the face value of each equity share and INR99,990 shall be treated as premium payable in respect of each such equity share. The Preference Shares shall, till the date of conversion and subject to availability of profits during any financial year, be entitled to nominal non cumulative dividend of INR1 per Preference Share per year. The preference shares shall not carry any voting rights, even if dividend on the Preference Shares has remained unpaid for any year or dividend has not been declared by the Company for any year. On 15 June 2010, preference shares in Intime Properties Private Limited were converted into equity shares and consequently the percentage of shareholding in equity is now 40% in the associate. On 1 July 2010, preference shares in Sundew Properties Private Limited were converted into equity shares and consequently the percentage of shareholding in equity is now 40% in the associate.

\*\* The Preference Shares shall be compulsorily converted into Equity shares in one tranche at the expiry of a period of three years and ten calendar days from the date of the allotment. Out of the face value of INR1,000,000 of each of the preference share upon its conversion, INR10 shall be treated as the face value of each equity share and INR999,990 shall be treated as premium payable in respect of each such equity share. The Preference Shares shall, till the date of conversion and subject to availability of profits during any financial year, be entitled to nominal non cumulative dividend of INR1 per Preference Share per year. The preference shares shall not carry any voting rights, even if dividend on the Preference Shares has remained unpaid for any year or dividend has not been declared by the Company for any year. On 9 August 2010, preference shares in Genext Hardware and Parks Private Limited were converted into equity shares and consequently the percentage of shareholding in equity is now 40% in the associate.

## 7 Share capital

	Unaudited 30 September 2010	Unaudited 30 September 2009	Audited 31 March 2010
<b>Authorised:</b>			
Number of ordinary shares of £0.01 each	400,000,000	400,000,000	400,000,000
Share Capital (£ 000's)	4,000	4,000	4,000
<b>Allotted, called up and fully paid:</b>			
Number of ordinary shares of £0.01 each	145,569,055	145,146,422	145,515,426
Share Capital (£ 000's)	1,456	1,451	1,455

The Company repurchased 61,999,985 ordinary shares as a result of a tender offer in April 2009. The ordinary shares repurchased had been cancelled.

## 8 Loss per share

### *Basic and diluted (loss)/earnings per share*

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to ordinary equitable holders of the parent by the weighted average number of Ordinary Shares outstanding during the period, plus the weighted average number of ordinary Shares that would be issued on the conversion of all the dilutive potential Ordinary Shares into Ordinary Shares.

	Unaudited 30 September 2010	Unaudited 30 September 2009	Audited 31 March 2010
Loss attributable to equity holders of the company (£'000)	(3,656)	(4,398)	(7,294)
Weighted average of number of ordinary shares in issue (thousands)	145,520	155,064	150,133
Weighted average number of ordinary shares in issue (diluted) (thousands)	145,520	155,064	150,133
Basic loss per share (pence)	<u>(2.51)</u>	<u>(2.84)</u>	<u>(4.86)</u>
Diluted loss per share (pence)	<u>(2.51)</u>	<u>(2.84)</u>	<u>(4.86)</u>

## 9 Related party transactions

### *Investment Adviser Fees*

The Investment Adviser is entitled to a performance fee in respect of each Mauritian SPV which is designed to encourage the Investment Adviser to seek the highest returns on the underlying projects. Pursuant to the performance fee arrangements, if the Mauritian SPVs achieve an SPV level IRR in respect of the partial or total realisation of an investment in excess of 10 per cent, then the Investment Adviser will be entitled to a performance fee of 20 per cent of the realised proceeds which exceeds the proceeds required to achieve a 10 per cent SPV level IRR (with such participation increasing to 30 per cent for that portion of the realised proceeds from an investment which exceeds the proceeds required to achieve a 20 per cent SPV level IRR). The fair value of the total performance fee payable to the Investment Adviser at 30 September 2010 is £2.816 million (31 March 2010: £3.410 million).

In addition, the annual base fee paid to the Investment Adviser for the period in accordance with the terms of the agreement is £1,519,800 (for the period ended 30 September 2009: £1,519,800). The annual base fee is calculated on a quarterly basis based on the agreed formula of 2% on committed capital less an allowance of £150,000 per annum pro-rated per quarter less a further deduction of £500,000 per annum pro-rated per quarter up to 31 December 2007.

## 9 Related party transactions (continued)

### *Directors' Interests*

Neel Raheja is a shareholder and director of various K Raheja Corp entities. These entities include the Indian Investment Vehicles, which are 40% owned by the Company and K Raheja Corporate Services Private Limited which is contracted to provide services to the Indian Investment Vehicles.

The amount charged to the Indian Investment Vehicles by K Raheja Corporate Services Private Limited during the period was £1.076 million (September 2009: £1.252million) and other amounts paid to other K Raheja Corp entities were £0.099 million (30 September 2009: £0.057 million). In addition, amounts of loan taken during the period from K Raheja Corp entities was £1.570 million (period ending 30 September 2009: £1.698 million) and loan amounts repaid during the period were £3.710 million (period ending 30 September 2009: £1.570 million).

The amount paid to K Raheja Corp Private Limited during the period was £5.076 million (September 2009: £2.221 million) towards deferred consideration for transfer of development rights for a project developed by one of the Indian Investment Vehicles.

Neel Raheja indirectly co-owns the Investment Adviser - Neerav Investment Advisory Services (Dubai) Limited. As at 30 September 2010, Neerav Investment Advisory Services (Cyprus) Private Limited, the parent company of the investment adviser, held 6,643,811 shares of the Company (31 March 2010: 6,643,811 shares).

## 10. Comparatives

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements.