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This document comprises a prospectus relating to Alpha Tiger Property Trust Limited, prepared in accordance with the Prospectus Rules. This Prospectus has been approved by the FSA and has been filed with the FSA in accordance with Rule 3.2 of the Prospectus Rules.

Application has been made to the London Stock Exchange for all of the issued ordinary share capital of the Company to be admitted to trading on the Specialist Fund Market. It is expected that Admission will become effective and that dealings on the Specialist Fund Market for normal settlement in the Shares will commence on 23 March 2012.

**Your attention is drawn to the Risk Factors set out on pages 6 to 13 of this Prospectus.**

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## **ALPHA TIGER PROPERTY TRUST LIMITED**

*(a non-cellular company limited by shares incorporated under the laws of Guernsey under registration number 44786)*

### **Admission to trading of Shares on the Specialist Fund Market**

#### **SHARE CAPITAL ON ADMISSION**

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*Authorised*

*Issued and fully paid*

Unlimited

55,532,813

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The Company and each of the Directors, whose names appear on page 18 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

**The Shares are only suitable for investors who understand, or who have been advised of, the potential risk of capital loss from an investment in the Shares and the limited liquidity in the Shares, and for whom an investment in the Shares is part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved with such an investment.**

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. The Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or the United States Investment Company Act 1940 (as amended) or under the applicable securities laws of the other Prohibited Territories and, unless an exemption under such Acts or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within the Prohibited Territories for the account or benefit of any national, resident or citizen of the Prohibited Territories. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

The Company is an authorised closed-ended collective investment scheme authorised pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("POI Law"), and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Commission. Neither the Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. If you are in any doubt about the contents of this Prospectus you should consult your accountant, legal or professional adviser or financial adviser.

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## SUMMARY

This summary should be read as an introduction to this Prospectus and any decision to invest in the Shares should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, a claimant investor may, under the national legislation of an EEA state, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Company and its Directors, who are responsible for this summary, including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

### 1. **Information on the Company**

The Company is a non-cellular company limited by shares and was incorporated in Guernsey on 15 May 2006. It has been incorporated with an unlimited life. The Company has been established for the purposes of targeting investment and development opportunities in the real estate sector. The Company has not been authorised by the FSA nor is it regulated by the FSA.

### 2. **Investment policy**

#### 2.1 *Key principles of the investment policy*

The Company targets investment and development opportunities in real estate, real estate operating companies and securities, real estate services and other real estate related businesses that offer high total returns.

The Company's investment strategy is unconstrained by geography and is currently focused on the UK, Europe and Asia.

The Company's real estate investments may be held either directly or indirectly through joint venture or other investment structures, including equity, debt instruments, convertible loans and options or other securities. The Company may hold positions in a concentrated number of assets or companies.

#### 2.2 *Assets or companies in which the Company can invest*

The Company's real estate investments may be held either directly or indirectly through joint venture or other investment structures, including equity, debt instruments, convertible loans and options or other securities.

Investments in listed equity or debt securities could include, but not be limited to;

- companies where Alpha Real Capital LLP is the investment manager but any fees payable (upfront and/or ongoing) to Alpha Real Capital LLP as a result of the investment in a company managed by Alpha Real Capital LLP would be reimbursed to the Company;
- companies where the:
  - Directors believe the price of the equity or debt securities offer value;
  - Company is seeking to acquire a substantial interest;

- Investment Manager believes it is able to actively seek to close any valuation gap between the value at which the security is trading and its intrinsic value; and
- Investment Manager believes it can add value.

### 3. **Board**

The Directors are David Jeffreys, Jeff Chowdhry, Phillip Rose, Roddy Sage and Serena Tremlett.

The Directors, all of whom are non-executive, are responsible for the determination of the investment policy of the Company and for the overall supervision of the Group's activities. They each have a letter of appointment dated 26 March 2006.

### 4. **The Investment Manager**

Alpha Real Capital LLP acts as the Investment Manager and is a limited liability partnership incorporated on 11 April 2005 in England and Wales. The Company has entered into the Management Agreement under the terms of which it has appointed the Investment Manager with responsibility for, amongst other things, the management of the Group's property portfolio. The Investment Manager is authorised by the FSA. Each member of the management team is either a member or employee of the Investment Manager, with the exception of Michael Spencer.

#### **Management Agreement**

The Company and the Investment Manager have entered into a management agreement dated 18 December 2006 pursuant to which the Company appointed the Investment Manager to provide investment and development advisory services to the Company (and potentially other members of its corporate group), and property advisory and property management services to other members of the Group, in each case in accordance with the investment objective and investment policy and restrictions of the Group from time to time.

In consideration for the services provided pursuant to the Management Agreement, the Investment Manager is paid a management fee in cash, quarterly in arrears equal to, in aggregate, 2 per cent per annum of the Group's net asset value (as defined therein), as adjusted to reflect the Group's share of the net asset value of properties held indirectly or through joint ventures, minority interests or other structures that are not reflected in the consolidated net assets.

In addition, the Investment Manager is entitled to an annual performance fee calculated by reference to the relevant Total Shareholder Return

The Management Agreement is for an initial eight year term and thereafter for a further eight year term if the Board, acting in its sole discretion, so determines prior to 21 December 2013.

### 5. **Risk factors**

An investment in the Shares is subject to a number of risks. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. The Group's business, financial condition or results of operations could be materially and adversely affected by a number of risks, such as the ones which are highlighted below:

The market value of the Shares and the income from them may go down as well as up and investors may not be able to realise their initial investment.

Investments in shares traded on the SFM may have limited liquidity and may experience greater price volatility than those listed on the Official List of the UK Listing Authority or which are traded on AIM.

There can be no guarantee that the investment objectives of the Company will be met. The success of the Company will depend on the Investment Manager's ability to identify and advise on investments in accordance with the Company's Investment Policy.

The Company does not anticipate a payment of a dividend in the near term. In any event, the payment of dividends on the Shares is not guaranteed and, if there are dividends, these may fluctuate.

There is no certainty and no representation or warranty is given by any party that the Company will be able to achieve any returns referred to in this document.

The ability of the Company to achieve its Investment Policy is dependent upon its Directors and the Investment Manager and may be adversely affected if their services cease to be available to the Group.

The Company may only make a limited number of investments and these may involve a high degree of risk.

The Company may have interests in joint ventures, funds or other entities (including options over property) over which it does not exercise control.

If the Investment Manager terminates the Management Agreement, no assurance can be given that the Company will find an appropriate replacement manager to manage the Company's assets.

The Company is therefore reliant upon the performance of third party service providers for its executive function.

There are no rules restricting the ability of the Directors to issue additional Shares on a non pre-emptive basis.

There can be no guarantee at any given time that the Company will be able to repatriate capital or income receipts from India.

Any further increase in the aggregate interest in Shares of the Concert Parties will not require the Concert Parties to make a general offer for all the remaining issued Shares.

The Group may undertake development (including redevelopment) of property or invest in property that requires a complete new build or refurbishment prior to renting or selling the property. Certain risks are associated with such an approach.

Future income is dependent on, amongst other things, the Company negotiating suitable rental levels when compared to associated financing costs.

General economic conditions may affect the financial stability of tenants and prospective tenants and/or the demand for and value of real estate assets.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

Changes in the cost or availability of insurance could expose the Group to uninsured losses.

The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including investor/buyer supply and demand, that are beyond the Group's control. The Company cannot predict whether the Group will be able to sell any property for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it.

The cost of defending against environmental claims, compliance with environmental regulatory requirements or remediating any contaminated property could materially adversely affect the Company's business, assets or results of operations and, consequently, amounts available for dividends to Shareholders.

If any property in which the Company has invested is subject to any litigation this could have an adverse impact, financial or otherwise on the Company.

The right to own property in India is subject to restrictions that may be varied by the Indian Government.

Any change in the Company's or any other member of the Group's tax status or in taxation legislation or taxation rates could adversely affect the Company's ability to pay dividends, dividend growth and/or the market value of the Shares.

Any adverse revisions to credit ratings for domestic and international debt by international rating agencies may adversely impact the Group's ability to raise additional financing and the interest rates at which such additional financing is available.

The Company may be exposed to the risk of currency fluctuations and the volatility of returns and potential losses which may result from such currency exposure. Fluctuations in exchange rates may affect the value of the Company's portfolio.

There can be no assurances that conditions in the global financial markets will not worsen and/or further adversely affect the Company's investments, access to financing and overall performance.

There is an ongoing risk of global terrorist attacks, the impact of which is unclear, but which could have a material effect on general economic conditions and market liquidity.

The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency and exchange rates and other matters affecting investment could also change. A significant change in economic liberalisation and deregulation policies could disrupt business and economic conditions.

Legal and regulatory changes could occur that may adversely affect the Company.

Any failure to obtain such approvals in a timely fashion, or at all, may delay the progress of developments in which the Company invests.

## **6. Dividend policy**

The Company does not anticipate a payment of a dividend in the near term. In any event, the payment of dividends on the Shares is not guaranteed and, if there are dividends, these may

fluctuate. The payment of dividends, and any dividend growth on the Shares, will depend on, amongst other things, rental and capital value growth in the underlying assets.

7. **Working capital**

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this document.



## **RISK FACTORS**

**An investment in the Company is only suitable for investors who understand the potential risk of capital loss, that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.**

**The risks set out below are the risks which the Directors currently consider to be material, but are not the only risks, or the only potential risks, relating to the Company or an investment in the Company. There may be additional material risks that the Directors do not currently consider to be material or of which the Directors are not aware.**

**References below to the Company are also deemed to include, where appropriate, each member of the Group.**

### **RISK FACTORS RELATING TO THE COMPANY**

#### **Market value of Shares**

Prospective investors should be aware that the market value of the Shares and the income from them may go down as well as up and that they may not be able to realise their initial investment. In addition, it is possible that the market price of Shares may be less than the underlying Net Asset Value per Share.

The Company has been established as a closed-ended vehicle of no fixed duration. Accordingly, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Shares in the manner described in this prospectus, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders may only be able to realise their investment through the market.

#### **SFM**

The Company's Shares will be admitted to trading on the SFM. The SFM is a relatively new market of the LSE and therefore liquidity levels are relatively unknown. Investments in shares traded on the SFM may have limited liquidity and may experience greater price volatility than those listed on the Official List of the UK Listing Authority or which are traded on AIM. This may result in Shareholders being unable to sell their Shares at a price that would result in them recovering their original investment. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

#### **Investment objectives**

There can be no guarantee that the investment objectives of the Company will be met. The success of the Company will depend on the Investment Manager's ability to identify and advise on investments in accordance with the Company's investment objective. There can be no assurance that the

Investment Manager will be able to do so, or that the Company will be able to invest on attractive terms or generate investment returns. Property values can go down as well as up.

### **Dividends**

The Company does not anticipate a payment of a dividend in the near term. In any event, the payment of dividends on the Shares is not guaranteed and, if there are dividends, these may fluctuate. The payment of dividends, and any dividend growth on the Shares, will depend on, amongst other things, rental and capital value growth in the underlying assets.

If, under Guernsey law, there were to be a change to the basis on which dividends could be paid by Guernsey companies, or if there were to be changes to accounting standards or the interpretation of accounting standards, this could have a negative effect on the Company's ability to pay dividends.

### **Gearing**

The Directors intend to secure borrowing facilities in the future. It is not certain that such facilities will be able to be secured at levels or on terms acceptable to the Directors. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and, accordingly, should the Company's assets not grow at a sufficient rate to cover the costs of establishing and operating the Company, Shareholders may not recover their initial investment.

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Company's property portfolio falls, including as a result of defaults by tenants pursuant to their leases with the Group, the use of borrowings will increase the impact of such falls on the net income of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Since the incorporation of the Company, markets for debt financing have contracted significantly. Commercial banks have demanded higher rates and more onerous terms to provide financing. In some cases banks are not providing financing for acquisitions which would have been readily financed under previous credit conditions. In the event that the Company is unable to obtain debt financing for potential acquisitions in future, this may prevent the Company from completing profitable acquisitions, or may lower the profit the Company would otherwise have achieved.

Shareholders should be aware that any increase in interest rates may increase the costs of the Group's borrowings and may have an adverse effect on the returns to the Company and, consequently, the ability of the Company to pay dividends. This may also have a negative impact on the Net Asset Value per Share.

Significant involvement in property development increases risks associated with gearing in relation to real estate investment, particularly in an emerging market investment environment.

### **Future performance**

There is no certainty and no representation or warranty is given by any party that the Company will be able to achieve any returns referred to in this document.

### **Directors and Investment Manager**

The ability of the Company to achieve its Investment Policy is dependent upon its Directors and the Investment Manager and may be adversely affected if the services of the Directors and/or the Investment Manager (including personnel employed by the Investment Manager) cease to be available

to the Group. The ability to attract and retain individuals may be critical to the Company's ongoing success. Failure to attract and retain such individuals may adversely affect the Company's operations and performance.

### **Concentration of investments**

The Company may only make a limited number of investments and these may involve a high degree of risk. Poor performance by even a small number of the Company's investments could lead to adverse effects on the returns received by the Company.

### **Non-control liability**

The Company may have interests in joint ventures, funds or other entities (including options over property) over which it does not exercise control. The Company's inability to control the entity in which it holds an interest may have an impact on the way it is able to manage investments and its property portfolio which may have a material adverse effect on the returns received by the Company.

### **Management Agreement**

The Company has entered into a management agreement with the Investment Manager. This Management Agreement can be terminated by either the Investment Manager or the Company with 12 months' notice in writing, to expire no earlier than 21 December 2014. Where the Investment Manager terminates the Management Agreement, no assurance can be given that the Company will find an appropriate replacement manager to manage the Company's assets.

### **Reliance on service providers**

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third party service providers for its executive function. In particular, the Investment Manager and the Administrator will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to meet its investment objectives.

### **Lack of pre-emption rights**

Under the laws of Guernsey, to which the Company is subject, there are no rules restricting the ability of the Directors to issue additional Shares on a non pre-emptive basis at any time; nor do the Articles contain any such restrictions.

### **Restrictions on repatriation of capital in India**

India regulates ownership of domestic companies by foreigners, though restrictions on foreign investment have been relaxed in recent years. There can be no guarantee at any given time that the Company will be able to repatriate capital or income receipts from India.

### **Takeover Code**

As at the date of this document the Concert Parties are interested in 50.85 per cent of the total issued voting share capital of the Company and are therefore interested in more than 50 per cent of the voting rights in the Company. Any further increase in the aggregate interest in Shares of the Concert Parties will not require the Concert Parties to make a general offer for all the remaining issued Shares.

## **RISK FACTORS RELATING TO PROPERTY**

### **Development**

The Group may undertake development (including redevelopment) of property or invest in property that requires a complete new build or refurbishment prior to renting or selling the property. The risks of development or refurbishment include, but are not limited to: (i) delays in timely completion of the project; (ii) cost overruns; (iii) poor quality workmanship; (iv) inability to rent or inability to rent at a rental level sufficient to generate profits; and (v) inability to sell or inability to sell at a level sufficient to generate profits. The Company may invest in developments for which end users or purchasers of the property have not been identified at the time of investment. Consequently, the Company's portfolio could comprise substantial amounts of unsold or unlet properties from time to time. The illiquid nature of the real estate markets in which the Company invests could compound the financial problems associated with such a position. The Company may, from time to time, acquire options over property. In a worst case scenario such instruments could expire with no value attributable to them.

### **Growth in rental income and defaults**

Income growth may not continue at a consistent rate. Future income is dependent on, amongst other things, the Company negotiating suitable rental levels when compared to associated financing costs.

### **Financial stability of tenants and prospective tenants**

General economic conditions may affect the financial stability of tenants and prospective tenants and/or the demand for and value of real estate assets. In the event of a default by a tenant or the expiry of a lease, the Company will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.

### **Liquidity and valuation**

Investments in property are relatively illiquid and more difficult to realise than equities or bonds. In less well developed real estate markets such as India there is substantially less reliable published market data upon which to base purchase and selling decisions and applicable rental rates, all of which in turn may affect total return to shareholders. Shareholders will not have a right to redeem Shares.

### **Uninsured losses**

The Investment Manager will attempt to ensure that all of the Group's properties are adequately insured to cover casualty losses. However, changes in the cost or availability of insurance could expose the Group to uninsured losses. In the event that any of the properties incurs a loss that is not fully covered by insurance, the value of the Group's assets will be reduced by any such uninsured loss. In addition, the Group may have no source of funding to repair or reconstruct the damaged property, and it cannot be certain that any such sources of funding will be available to it for such purposes in the future.

### **Inability to sell a property**

The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including investor/buyer supply and demand, that are beyond the Group's control. The Company cannot predict whether the Group will be able to sell any property for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. Nor can the Group predict the length of time needed to find a willing purchaser and to complete the sale of a property. This may lead to a reduction in the Net Asset Value of the Company, and/or its market value and/or its ability to pay dividends.

The Group may be required to expend funds to correct defects or to make improvements before a property can be sold. The Company cannot be certain that the Group will have funds available to correct such defects or to make such improvements.

In acquiring a property, the Group may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions would restrict the Group's ability to sell a property.

### **Environmental issues**

Under various environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of properties, the Company may be exposed to such costs. The cost of defending against environmental claims, compliance with environmental regulatory requirements or remediating any contaminated property could materially adversely affect the Company's business, assets or results of operations, and consequently, amounts available for dividends to Shareholders.

### **Litigation**

Property litigation can be very time consuming and complicated and, in the case of India, there is frequent litigation with respect to property. If any property in which the Company has invested is subject to any litigation this could have an adverse impact, financial or otherwise on the Company.

### **Ownership and use of land in India**

The right to own property in India is subject to restrictions that may be varied by the Indian Government. In particular, the Indian Government has the right to acquire any land or a part thereof if such acquisition is for a 'public purpose' after paying the owner compensation. However, this compensation may not be comparable to the proceeds that would have been obtained if the property had been sold in the market.

India has various laws on zoning and land use. For instance, land is broadly categorised as agricultural and non-agricultural. Non-agricultural land may be classified as residential, commercial, industrial, etc. Each type of land can be used for its designated purpose only, unless converted in accordance with prescribed laws. Conversion would be possible with the approval of the relevant authority, at its own discretion. However, some agricultural land, like greenbelt land, etc. is not permitted to be put to use for non-agricultural purposes under any circumstances. In the event that the Group were to invest in agricultural land, and fails to receive approval for conversion, then this is likely to materially affect the value of that land and the value of the Group's investment.

## **GENERAL RISK FACTORS**

### **Equities**

The Company may invest in equities. An adverse event, such as an unfavourable earnings report, may depress the value of a particular equities held by the Company. Also, the price of equities is sensitive to general movements in the stock market and a drop in the stock market may depress the price of equities in which the Company invests. Common stock prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the

relevant stock market or when political or economic events affecting the issuers occur. In addition, common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

## **Taxation**

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Whilst a general guide to corporate and personal taxation has been set out in this document at paragraph 7 of Part VII, investors should not rely on such general guidance and should seek their own professional advice. There can be no guarantee that the rates of taxation envisaged by the Directors will be the ongoing rates of taxation paid by the Company.

Any change in the Company's or any other member of the Group's tax status or in taxation legislation or taxation rates could adversely affect the Company's ability to pay dividends, dividend growth and/or the market value of the Shares.

In order for the Group to maintain its tax efficiency, continued attention must be paid to ensure that all relevant conditions are satisfied in all the jurisdictions in which the Group operates to avail itself of the benefits of, for example, double tax treaties and local country requirements.

In order to maintain its non-United Kingdom tax residence status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board, the place of residence of the Board's individual members and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-United Kingdom tax residence of the Company. While the Company is organised in Guernsey and a majority of the directors are resident outside the United Kingdom, continued attention must be paid to ensure that major decisions by the Company are not made in the United Kingdom, to avoid the risk that the Company may lose its non-United Kingdom resident status. Management errors could potentially lead to the Company being considered a United Kingdom tax resident which would negatively affect its financial and operating results and returns to Shareholders.

In addition, if the Company were treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests or in which its interests are managed, income attributable to, or effectively connected with, such permanent establishment or trade or business may be subject to tax.

## **Downgrading of national debt ratings by an international rating agency**

Any adverse revisions to credit ratings for domestic and international debt by international rating agencies may adversely impact the Group's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Such revisions may have an adverse effect on the economic situation. Such revisions may also have an adverse effect on the financial position of tenants and/or business partners of the Group.

## **Currency risk**

The Company does not always engage in currency hedging to mitigate the impact on the Company of currency fluctuations and the volatility of returns which may result from currency exposure, although the Company reserves the right to do so if the Directors decide that it is necessary. The Company may be exposed to the risk of currency fluctuations and the volatility of returns and potential losses which may result from such currency exposure. Fluctuations in exchange rates may affect the value of the Company's portfolio.

Whilst the Investment Manager will take steps to ensure that foreign exchange and credit lines are in place for the Company when needed, there can be no assurance that such foreign exchange and credit lines will be available. In certain circumstances such currency hedging may be expensive, reduce returns or result in losses on the Company's portfolio.

## **Recent developments in the global financial markets**

The global financial markets have recently experienced significant disruptions as a number of large financial institutions have failed, have been supported by national governments or have merged into other organisations creating unprecedented uncertainty and instability for the property management sector of which the Investment Manager is a part. With global credit markets experiencing substantial disruption (especially in the mortgage finance markets) and liquidity shortages, financial instability has penetrated the European and Asian markets where a substantial portion of the Company's investments will be held. There can be no assurances that conditions in the global financial markets will not worsen and/or further adversely affect the Company's investments, access to financing and overall performance.

## **Terrorist Action**

There is a risk of terrorist attacks on India, the United Kingdom, Spain and elsewhere causing significant loss of life and property damage and disruption in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

## **Political risks**

Many governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on private sector involvement in certain industries. Nevertheless, the role of central and state governments in such economies as producers, consumers and regulators has remained significant. There can be no assurance that any liberalisation policies will continue or will not be reversed in the future. Government corruption scandals and protests against privatisations, which have occurred in the past, could slow down the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency and exchange rates and other matters affecting investment could also change. A significant change in economic liberalisation and deregulation policies could disrupt business and economic conditions.

## **Changes in law**

Legal and regulatory changes could occur that may adversely affect the Company. Changes in the regulation of investment companies, law relating to property or changes in law in general may adversely affect the value of the Company's investments and the ability of the Company to successfully pursue its investment strategy.

## **Government approvals**

Certain governmental approvals, may be required before the Company can make certain investments. Any failure to obtain such approvals in a timely fashion, or at all, may delay the progress of developments in which the Company invests.



## IMPORTANT NOTICES

**Investors should rely only on the information contained in this document. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Admission and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Investment Manager. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA, neither the delivery of this document nor any subscription or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.**

An investment in the Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in the Shares should constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional, professional and knowledgeable investors, private client fund managers and private client brokers and private individuals who have received advice from their fund manager or broker regarding investment in the Shares who are seeking long term appreciation and who understand the risks involved in investing in the Company, including the risk of loss of capital

### General

The Company is an authorised closed-ended collective investment scheme authorised pursuant to the POI Law, and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Commission. Neither the Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. If you are in any doubt about the contents of this Prospectus you should consult your accountant, legal or professional adviser or financial adviser. The Company has not been authorised by the FSA, nor is it regulated by the FSA.

Prospective investors should rely only on the information contained in this Prospectus, which should be read in its entirety. No broker, dealer or other person has been authorised by the Company or its Directors to issue any advertisement or to give any information or to make any representation in connection with the offering or sale of the Shares other than those contained in this prospectus and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company or its Directors.

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force in Guernsey and in England and Wales and are subject to changes therein.

Application has been made to the LSE for the entire issued share capital of the Company to be admitted to trading on the SFM. It is expected that such admission will become effective and that dealings in such Shares will commence on 23 March 2012.

All times and dates referred to in this prospectus are, unless otherwise stated, references to London times and dates.

The Company has not been and will not be registered under the Investment Company Act. The Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States. Accordingly, the Shares may not be offered or sold except (i) outside the United States to non-US Persons that are not investing for the account or benefit of US Persons, in accordance with Regulation S and (ii) in the United States to (or for the account or benefit of) US Persons that are both QIBs (within the meaning of Rule 144A of the Securities Act) and QPs (within the meaning of s.2(a)(51)(A) of the Investment Company Act). In addition, until 40 days after the commencement of the offering, an offer or sale of the Shares in the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

**The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities confirmed the accuracy or determined the adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.**

#### **No incorporation of website**

The contents of the Company's website do not form part of this document.

#### **Enforceability of judgments**

The Company is incorporated under the laws of Guernsey. All or substantially all of the assets of the Company are expected to be outside of the United States. None of the directors of the Company or the Investment Manager are citizens or residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company, the Investment Manager or any of their respective directors, or to enforce outside the United States judgments obtained against the Company, the Investment Manager or any of their respective directors in US courts, including, without limitation, judgements based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. There is doubt as to the enforceability in the United Kingdom and Guernsey, in original actions or in actions for enforcement of United States court judgements, of civil liabilities predicated solely upon US federal securities laws. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom and Guernsey.

#### **Forward Looking Statements**

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance, achievements of or dividends paid by, the Group to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the

environment in which the Group will operate in the future. These forward looking statements speak only as of the date of this document. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the "Risk Factors" section of this document for a discussion of additional factors that could cause the Company's actual results to differ materially before making an investment decision. Although the Company and the Investment Manager undertake no obligation to revise or update any forward looking statements contained herein (save where required by the Prospectus Rules or Disclosure and Transparency Rules of the FSA), whether as a result of new information, future events, conditions or circumstances, any change in the Company's or the Investment Manager's expectations with regard thereto or otherwise, Shareholders are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through an RIS.

## **EXPECTED TIMETABLE**

**Delisting from AIM** **7.00 a.m. on 23 March 2012**

**Admission of Shares on the SFM** **8.00 a.m. on 23 March 2012**

*The dates and times specified are subject to change without further notice. References to times are London times unless otherwise stated.*

## DIRECTORS AND COMPANY INFORMATION

Directors	David Jeffreys (Chairman) Jeff Chowdhry Phillip Rose Roddy Sage Serena Tremlett
Registered Office	Isabelle Chambers Route Isabelle St. Peter Port Guernsey
Investment Manager	Alpha Real Capital LLP 1B Portland Place London W1B 1PN
Broker	Panmure Gordon (UK) Limited Moorgate Hall 155 Moorgate London EC2M 6XB
Administrator and Secretary	Morgan Sharpe Administration Limited PO Box 327 Isabelle Chambers Route Isabelle St Peter Port Guernsey GY1 3TX
Registrar	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES
Auditors	BDO Limited Place du Pré Rue du Pré St Peter Port Guernsey GY1 3LL
Reporting Accountant	BDO Limited Place du Pré Rue du Pré St Peter Port Guernsey GY1 3LL
Legal Advisers to the Company as to English law	Reed Smith LLP The Broadgate Tower Primrose Street London EC2A 2RS
Legal Advisers to the Company as to Guernsey law	Carey Olsen PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ

Bankers	Royal Bank of Scotland International Limited PO Box 62 Royal Bank Place St. Peter Port Guernsey GY1 4BQ
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## **PART I INFORMATION ON THE COMPANY**

### **1. BACKGROUND**

The Company, a closed-ended investment company, has a majority of independent non-executive directors and operates under the Companies Law and the ordinances and regulations made thereunder. It has been incorporated with an unlimited life. Its share capital is denominated in Sterling and consists of one class of Shares.

The Company has applied to the LSE to delist from AIM and be admitted to the SFM as its Board believes that the SFM is the most appropriate exchange on which the Company's securities should be listed going forward. The Board believes that, given the size, nature and current ownership structure of the Company, admission to the SFM will enable the Company to fulfill its Investment Policy in a more efficient manner and in particular, to allow the Company to make investments in furtherance of its investment objective without the cost and delay associated with the corporate transactions rules of the AIM Rules for Companies. The Board is also required by the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Commission to take all reasonable steps to ensure that there is no breach of the conflicts of interest requirements of those rules.

### **2. IMPORTANT EVENTS**

The Company was incorporated in Guernsey on 15 May 2006 and registered with number 44786. Initially the Company's shares were admitted onto AIM on 21 December 2006 pursuant to an offering in which £75 million (gross proceeds) was raised. The Company was established for the purposes of targeting investment and development opportunities in the Indian real estate market and, accordingly, the Company's first development investments were in India.

The Company announced in May 2007 that it had entered into a legally binding framework agreement with Xansa, a leading outsourcing and technology company, to invest in a number of development sites and a sale and leaseback of real estate interests in India. The Company was confirmed as the strategic real estate supplier for Xansa in India. The acquisitions and sale and leasebacks were conditional on local and central government and other relevant approvals, and on the underlying documentation being finalised. The total equity commitment was estimated to account for approximately 50 per cent of the Company's capital raised at launch.

In September 2008, the Company announced that, in relation to the Xansa agreement, it had been released from its obligations relating to the sale and leaseback of existing Xansa assets and some of the development opportunities, but remained committed to developing a 25 acre Special Economic Zone located in Chennai, subject to obtaining the necessary licenses and consents. In June 2009, the Company announced that it was released from all its remaining obligations under the Xansa agreement, including any obligations relating to the Chennai project.

In December 2007 the Company announced that it had executed an agreement with Logix to acquire a 74 per cent equity interest in a special purpose vehicle for the purpose of holding and co-developing 0.8 million square feet of business park space in NOIDA, India for an equity commitment of £12.1 million ("Technova Investment"). The Company also invested with Logix to acquire a 50 per cent stake in an 11.2 acre Special Economic Zone, located in NOIDA for an equity commitment of £14.7 million with a view to developing approximately 1.2 million square feet of business park-led space ("Galaxia Investment").

On 30 May 2008 the Company announced it had agreed to invest in a further development in NOIDA, a 7.6 acre business park for an equity commitment of £4 million (“Technika Investment”). At the time of the Company’s investment, all of the above underlying assets constituted undeveloped land.

On 22 February 2010, the Company exited its Technika Investment, resulting in a capital return of £0.9 million (INR 69 million) and the release of £3.3 million (INR 241 million) previously reserved as equity for Technika construction funding. On 28 May 2010, the Company announced that it had sold its stake in the Technova Investment. The sale generated proceeds of £3.6 million (INR 250 million) and released £4.4 million (INR 300 million) previously reserved for future funding requirements.

On 8 February 2010 the Company announced that it had initiated arbitration proceedings brought by Alpha Tiger 2 and Alpha Tiger 3 against its development partner, Logix, in order to protect its interests in the Technova Investment and the Galaxia Investment. On 28 May 2010 the Company and Logix entered into a settlement agreement in relation to these investments, under which both parties agreed to jointly market the sale of the property with a set floor price above which both parties were obliged to sell their interest.

On 2 February 2011, the Company through Alpha Tiger 2 and Alpha Tiger 3, recommenced arbitration proceedings against Logix. Following an attempt by Logix, by way of a civil suit, to dispute the validity of the commencement of arbitration proceedings brought by the Company, the Delhi High Court ruled in favour of the Company and dismissed the Logix suit. The terms of reference (including a summary of the parties’ respective claims and a list of issues to be determined) for the arbitration were deemed to be agreed on 15 February 2012. The award from the arbitrator is to be rendered no later than 15 August 2012. Further details on this arbitration are set out in paragraph 10 of Part VII.

In September 2009, following the global economic downturn, the Company revised its Investment Policy to allow it to invest in real estate opportunities unconstrained by geography, but with a particular focus on the UK, Europe and Asia.

Consequently, in March 2010, the Company’s first investment under its new Investment Policy was a co-investment in a Spanish SPV that acquired a Madrid shopping centre for €83.3 million (£72.5 million) including acquisition costs (the “H2O Investment”). The acquisition was financed with a €75 million (£65.3 million) seven year syndicated bank facility, and funding has also been provided for a further €5.0 million (£4.4 million) of investment for capital improvements. The Company provided €14.5 million (£12.2 million) of mezzanine and equity finance to the transaction and the Investment Manager co-invested €1.5 million (£1.3 million) of equity. The Company retains an option to buy-out the Investment Manager’s investment in the H2O Investment.

In July 2010 the Company invested £4.75 million into Alpha UK Multi Property Trust plc (formerly Close High Income Properties plc), a UK property fund whose shares are admitted to the Official List and traded on the Main Market of the LSE, through a three year unsecured convertible loan note.

In November 2010, the Company invested £4.0 million in the Freehold Income Trust, an open-ended unlisted fund that invests in freehold ground rents. A further investment of £2.2 million was made in December 2010.

In September 2011 the Company made a £1.2 million equity investment in a Cambridge (UK) business park through a joint venture with a Middle Eastern capital provider.



In November 2011 the Company made a £7.5 million investment into the Alpha UK Real Estate Fund plc (formally Aberdeen UK Active Property Fund plc) through a three year convertible loan note. Further details of the Company's portfolio are set out in Part II.

Progression of the Company's NAV per Share has been as follows:

	<b>31 Dec 07</b>	<b>31 Dec 08</b>	<b>31 Mar 10</b>	<b>31 Mar 11</b>
<b>NAV per Share</b>	99.1p	109.6p	105.8p	105.3p

Application has been made to the LSE for the entire issued share capital of the Company to be admitted to trading on the SFM. The SFM is an EU-regulated market operated by the LSE. The Company has decided to delist from AIM and to apply for admission to the SFM as it believes that the SFM is the most appropriate market for the Company's shares to be listed on going forward.

The Company's shares are expected to be delisted from AIM on 23 March 2012.

### **3. INVESTMENT OBJECTIVE AND POLICY**

#### **3.1 Geographical focus**

The Company's investments will be unconstrained by geography.

#### **3.2 Strategy**

It is the intention of the Investment Manager to complement its international real estate skills in development and asset management with local market real estate skills, by working with experienced local partners to source, execute and manage investments.

The Investment Manager will seek to enhance income and capital values where appropriate through the following:

- space reconfiguration where under-utilised or inefficient areas within a building can be re-arranged to provide more valuable space;
- refurbishment and redevelopment where space can be modernised and the specification upgraded to create space which can command higher rents;
- re-leasing, which has the potential to increase the rental income to an open market level, when this is in excess of the existing rent;
- space creation by extending the building to meet tenant demand; and
- change of use which can result in higher value use for certain areas of a building or for entire properties.

#### **3.3 Assets or companies in which the Company can invest**

The Company's real estate investments may be held either directly or indirectly through joint venture or other investment structures, including equity, debt instruments, convertible loans and options or other securities.

Investments in listed equity or debt securities could include, but not be limited to:

- companies where Alpha Real Capital LLP is the investment manager but any fees payable (upfront and/or ongoing) to Alpha Real Capital LLP as a result of the investment in a company managed by Alpha Real Capital LLP would be reimbursed to the Company;
- companies where the:
  - Directors believe the price of the equity or debt securities offer value;
  - Company is seeking to acquire a substantial interest;
  - Investment Manager believes it is able to actively seek to close any valuation gap between the value at which the security is trading and its intrinsic value; and
  - Investment Manager believes it can add value.

The Company may hold positions in a concentrated number of assets or companies. Although the Board and the Investment Manager will have regard to the need for risk diversification there is no limit on the amount of the Company's assets which may be invested in any one investment.

Whilst there are no restrictions on maximum exposures per investment in listed equity or debt securities issued by entities in respect of which Alpha Real Capital LLP is the investment manager, the Company's investments in listed equity or debt securities issued by entities in respect of which Alpha Real Capital LLP is not the investment manager will comprise no more than 25 per cent of the Gross Assets of the Company at the time of the investment.

### **3.4 Whether investments will be active or passive investments**

The Company will continue to have an active investment philosophy in respect of all of its investments.

### **3.5 Holding period for investments**

As the Company has no fixed life, no time limits will be set as a matter of Investment Policy generally and individual holding periods will vary to achieve best value from each investment.

### **3.6 Spread of investments and maximum exposure limits**

The Company's Investment Policy does not set maximum exposures per investment or country. The Company believes the Investment Policy assists it to invest in a manner which diversifies risk while maximising the opportunity for high total returns.

### **3.7 Policy in relation to gearing and cross holdings**

The Company expects to borrow to optimise returns for investors. Although the Company expects to initially target borrowing levels of between 50 per cent and 65 per cent of Gross Assets it has adopted a gearing policy allowing for borrowings of up to 95 per cent of Gross Assets to provide the Company with investment flexibility. The Directors will consider the Company's gearing levels both in the context of individual property gearing and gearing levels across the whole portfolio.

In relation to cross-holdings, the Company will not invest more than 25 per cent of the Company's Gross Assets at the time of investment, in the equity and/or debt of other listed

companies where Alpha Real Capital LLP is not the investment manager, which includes investments in other closed-ended investment funds.

Additionally in relation to cross-holdings, the Company does not have any limits on the amount of the Company's Gross Assets that may be invested in the equity and/or debt of other listed companies where Alpha Real Capital LLP is the investment manager, which includes investments in other closed-ended investment funds where Alpha Real Capital LLP is the investment manager.

### **3.8 Investing restrictions**

Other than the requirement for the Investment Manager to manage any potential conflicts, and the requirement to invest according with the Investment Policy, there are no investing restrictions applicable to the Company.

### **3.9 Nature of returns that the Company will seek to deliver to Shareholders**

The Directors believe that the Investment Manager's experience in the management of real estate assets will enable the Group to meet its principal objective of achieving high total returns for Shareholders. The Company will target investment opportunities that the Directors believe will offer such returns. The Company does not currently anticipate the payment of a dividend in the near term; however the policy on dividends will be regularly reviewed.

### **3.10 Amendments to Investment Policy**

The Board has the power to make non-material amendments to the Investment Policy without the consent of the Shareholders. The Company will not materially change its principal investment objectives or the Investment Policy as set out in this document without the consent of a majority of Shareholders.

## **4. MARKET OUTLOOK**

During the last two quarters of 2011, sovereign debt tremors in the euro-zone and reports of a moderation in US economic growth have given rise to an increase in financial market uncertainty. However, many commentators continue to adopt a central forecast of moderate global growth, with 3.6 per cent forecast for 2011.

There continues to be a disparity between countries and regions; in many developed economies policy intervention is focused on spurring growth whereas, in more rapidly growing developing economies, intervention is focused on controlling inflation and setting growth rates on a sustainable path.

### **4.1 Europe - Spain**

#### **Economic outlook**

Spain's GDP was unchanged in the third quarter of 2011, following on from growth of 0.2 per cent in the second quarter. Comfort from the economy's gradual but sustained recovery should be balanced with the fact that slower growth in the "core" euro-zone economies will create a drag on the whole region's ability to maintain growth momentum. The unemployment level remains above 20 per cent and continues to be an important issue to be resolved over the near term.

The Spanish national debt level as a percentage of GDP is lower than many of its European peers. At 65.2 per cent it is significantly lower than other economies in the European

“periphery”. The Spanish 10 year bond has suffered speculative attacks over the past months putting upward pressure on bond yields, which remain above 5 per cent.

### **Property market outlook**

In recent quarters, there has been an increase of real estate investment product available. However, this has not yet led to an increase in activity largely due to more selective investment and financing criteria, as well as a continued gap between purchaser and vendor price expectations.

Many companies and indeed government bodies, for example the Generalitat de Catalunya, are seeking to gain liquidity by entering sale and leaseback transactions, offering long term lease structures to attract investors. This follows successful similar transactions undertaken earlier by BBVA and Caja Madrid banks and Eroski supermarkets. A notable exception of this divestment trend of sales by real estate owners has been the purchase by El Corte Inglés of its own department store in Vaguada, Madrid.

Spain is now a mature market in terms of retail developments. Therefore, both functional and economic obsolescence in many schemes will make refurbishment one of the key market drivers over coming years. The Company has recognised this and has already implemented a capital upgrade programme as part of its H2O Investment.

## **4.2 Europe – UK**

### **Economic outlook**

Third quarter of 2011, UK GDP growth was provisionally announced at a higher than expected 0.5 per cent, up from 0.1 per cent in the second quarter. However uncertainty remains about the ability to sustain growth over the coming quarters.

UK 10-year gilt yields remain relatively low at 2.2 per cent reflecting their perceived ‘safe haven’ status. The UK government’s choice to tighten its fiscal stance early on has been successful at buttressing market sentiment but has created headwinds for near-term growth.

During the past quarter, the Bank of England surprised markets by announcing a bigger-than-expected £75 billion increase in the quantitative easing programme. Some commentators have queried whether more quantitative easing was necessary, citing already rising inflationary pressures. It appears that the threat of ebbing confidence in economic growth was considered a more immediate concern. The action by the Bank of England has given some commentators reason to suppose there may be some growth potential ahead.

### **Property market outlook**

The availability of real estate debt finance remains scarce and broadly limited to prime assets. Core sectors and markets, such as central London property appear to be benefiting from the uncertainty in the global economy. Overseas investors continue to be attracted to core UK real estate markets and sectors due to a perceived trophy status, the standing of the UK as a global financial centre and the relatively long lease lengths available.

Transaction volumes improved in the third quarter, with £6.9 billion purchased during the quarter according to property data, taking the year to date total to £24.3 billion. The property yield gap over gilts increased over the past quarter, principally due to an approximate 40 basis point decline in the gilt yield. This may sustain interest in real estate as an investment class. However, the effect is likely to continue to be felt most at the prime end of the market.

With the economic backdrop of an expanded quantitative easing programme, with a steady income stream from rents, and yields offering a healthy premium over bank interest, property should be in a position to benefit as a hedge against inflationary concerns. However, the benefit will not be universal. The location of the Company's recent investment in the Cambourne Investment in Cambridge, being one market noted as being more resilient due to its science park base.

#### **4.3 Asia – India**

##### **Economic outlook**

Since the start of 2011, the Indian economy has been characterised by relatively strong growth coupled with high inflation and rising interest rates.

India's economy continues to demonstrate robust growth, with GDP growth of 7.8 per cent forecast in the fiscal year ending March 2012 and 8.3 per cent in 2013. India's strong growth fundamentals - high saving and investment rates, its expanding workforce and middle class - are likely to sustain its economic performance.

Stubbornly high inflation, however, remains a lingering concern. The Reserve Bank of India raised its main policy rate, the repurchase (repo) rate, to 8.50 per cent in October, which reflects a 225 basis point increase since January 2011.

##### **Property market outlook**

The outlook for India's office market remains generally positive. The Delhi National Capital Region continued to show signs of improving demand, as evidenced by new lettings in the second quarter 2011 being at their highest level since 2009. The first Indian Formula 1 Grand Prix was recently hosted in NOIDA, increasing the prominence of the location.

The Information Technology and IT Enabled Services sector led demand but growth was also reported from sectors such as technology, manufacturing, energy, consumer goods and chemicals. Continued growth in demand should assist the prospects for a sale of the Galaxia Investment.

#### **5. BORROWING POWERS**

The Company utilises borrowing to optimise returns for investors. Although the Company targets borrowing levels of between 50 per cent and 65 per cent of Gross Assets, it has adopted a gearing policy allowing for borrowings of up to 95 per cent of Gross Assets to provide the Company with investment flexibility. The Directors consider the Company's gearing levels both in the context of individual property gearing and gearing levels across the whole portfolio.

The outstanding borrowing of the Group at 30 September 2011 was bank borrowing totaling £16,526,000. This figure represents the Group's proportional interest in the syndicated loan provided to property-owning special purpose vehicle through which the Company has made the H2O Investment. The Group's proportionate share of the syndicated loan is 26.01 per cent.

The Group has no other outstanding borrowing and has not entered into any covenants with lenders which could have a material effect of restricting the use of credit facilities for the Group generally.

## **6. SHARE PURCHASE AUTHORITY**

The Directors have Shareholder approval for the Company to make on-market purchases of its Shares, such approval being in respect of up to 15.34 per cent of the existing ordinary share capital of the Company. The Company has the authority to make on-market purchases either by way of a share buyback or pursuant to any tender offer effected by (or on behalf of) the Company.

The share purchase authority referenced above lasts for 18 months from 17 March 2011, although the Company may ask Shareholders to approve a new share purchase authority at the Company's next annual general meeting or at some other later date.

Any share purchases made in accordance with the share purchase authority are made at a price which is considered by the Board to be in the best interests of Shareholders at the relevant time and at a discount to the last reported NAV (provided that (a) in relation to any tender offer, the maximum price shall be 150 per cent of the average of the middle market quotations as published by the LSE for the five business days immediately preceding the date on which a circular is posted to Shareholders of the Company notifying such Shareholders of the terms and conditions of such tender offer; and (b) in relation to any share purchases effected otherwise than pursuant to a tender offer, the maximum price shall be equal to 105 per cent of the average of the middle market quotations as published by the LSE for the five business days immediately preceding the date on which the Share is contracted to be purchased).

The Board will continue to monitor the discount to NAV at which the Shares trade.

## **7. DIVIDEND POLICY**

The Company does not anticipate a payment of a dividend in the near term. In any event, the payment of dividends on the Shares is not guaranteed and, if there are dividends, these may fluctuate. The payment of dividends, and any dividend growth on the Shares, will depend on, amongst other things, rental and capital value growth in the underlying assets.

## **8. INVESTMENT PROCESS**

The Investment Manager is an FSA-regulated property fund management business. The Investment Manager's team has a strong long-term track record, established across a range of real estate investment vehicles. The Investment Manager complements its own international real estate skills by working, where appropriate, with experienced local real estate partners

The Investment Manager has responsibility under the Management Agreement for finding new investment opportunities for the Group that fall within the investment objective, policy and strategy set out in this document. Once a potential opportunity has been identified, the Investment Manager carries out due diligence on the opportunity and, subject to the overall supervision and approval of the Board, negotiates the purchase, investment, joint venture or other terms with the relevant counterparty. Once this process is complete, the proposed opportunity is presented to the Board for approval and the Board makes the final investment decision on whether or not to pursue any such proposal.

## **9. NET ASSET VALUE**

### **9.1 Valuation of the Company's assets**

The Company's portfolio is valued by external valuers on an annual basis. Such valuations are undertaken in accordance with appropriate international standards. The valuation is reviewed by the Board or a committee of the Board. An abridged annual valuation is set out in

the Company's annual report and accounts.

## **9.2 Calculation of Net Asset Value of the Company**

The NAV and the Net Asset Value per Share is published semi-annually, based on the most recent valuation of the property portfolio and calculated under IFRS. The Net Asset Value per Share is published through an RIS and on the Company's website as soon as practicable after the end of the relevant period.

## PART II PORTFOLIO

The following is a summary of all of the investments held by the Company as of the date of this document. The information contained in this Part II is unaudited.

### 1. Summary of Portfolio

Investment	% equity ownership of investment	Sector	Location	% of total investment comprised by investment	Investment Value	Type
<b>Galaxia</b>	50%	Commercial office development	India	14.6%	£5.8m	Property (indirect)
<b>H2O</b>	26%	Retail shopping centre	Spain	34.4%	£13.7m	Property and mezzanine loan (indirect)
<b>AUMP</b>	Up to 17.4% if stock is fully converted	Industrial and office property	UK	13.3%	£5.3m	Convertible loan stock
<b>FIT</b>	2.45%	Residential ground rent	UK	15.8%	£6.3m	Unlisted share capital
<b>Cambourne</b>	10%	Commercial office property	UK	3.0%	£1.2m	Property (indirect)
<b>AURE</b>	Up to 23% if stock is fully converted	Office, retail and industrial property	UK	18.8%	£7.5m	Convertible loan stock

The values attributed to the Galaxia Investment, the H2O Investment and the Camborne Investment are based on the valuation reports contained in Part VI. The differences between the value of the properties, as stated in the valuation reports, and the figures above are explained in the relevant sections of paragraph 2 below.

The value attributable to FIT is the value of the Company's holding based on the 20 January 2012 value of FIT's units (the latest available published valuation).

The values attributed to the AUMP and AURE CULS investments are for accounting purposes valued as two parts, an option element and the remainder representing a loan. The option element is independently valued bi-annually. The loan accrues interest over time. The value of the loan amount for AUMP has increased since the original investment through the payment of its coupon being paid in kind as further units in the CULS instrument.



## **2. Detailed Portfolio Analysis and Strategy**

### **2.1 Galaxia Investment**

#### *Investment Details*

On 25 March 2008, the Company announced that it had entered into an agreement with Logix to develop an 11.2 acre business park in NOIDA sector 140a. The site, which forms 45 per cent of a larger 24.8 acre Special Economic Zone, is held by way of a 90 year sublease. In July 2009 terms for a lower risk phased development were agreed. After initial prefunding requirements were met, the Company invested a total of INR 450 million (£5.8 million) in return for a 50 per cent equity interest in the special purpose vehicle which owns the development rights.

On 8 February 2010 the Company announced that it had initiated arbitration proceedings through Alpha Tiger 2 and Alpha Tiger 3, following breaches by its development partner Logix, in order to protect its interests in the Technova Investment and the Galaxia Investment.

On 28 May 2010 the Company announced that it had subsequently reached agreement on terms for a settlement with Logix, under which both parties agreed to jointly market the sale of the property with a set floor price above which both parties were obliged to sell their interest.

On 2 February 2011, the Company announced that it had recommenced the arbitration proceedings. The Company announced on 15 July 2011 that, following an attempt by Logix, by way of a civil suit, to dispute the validity of the recommencement of arbitration proceedings brought by the Company, the Delhi High Court ruled in favour of the Company and dismissed the Logix suit. In response to an injunction application filed by the Company, the Delhi High Court also passed an order restraining Logix from transferring or encumbering the Galaxia site, without leave of the arbitral tribunal. Further, the Court directed Logix to make payment of instalments of outstanding lease rentals relating to the Galaxia site until the completion of the arbitration. Further details of this arbitration are set out in paragraph 10 of Part VII.

#### *Strategy*

On-going pursuit of the arbitration claim to recover the Company's equity. In addition, the Company is continuing to actively explore avenues for a sale of the development.

#### *Valuation*

The property valuation report on Part VI of this document attributes a value of £10,286,000 to the Galaxia property. The Company attributes an investment value of £5,800,000 to the Galaxia Investment.

The difference between the two figures arises predominantly because, as disclosed in the property valuation, the property is owned through a joint venture structure and the Group has a 50% ownership of the property. The Company's apportionment of the above figure is, therefore, be GBP 5,143,000. The remaining difference in the figure is because the Company's investment value is an estimate of the fair value of its investment based upon legal advice relating to the arbitration proceeds described above.

## 2.2 H2O Investment

### *Investment Details*

The H2O shopping centre (“H2O”) opened in June 2007, providing shopping, restaurants and leisure around a central theme of landscaped gardens and an artificial lake. The property is located in the Rivas-Vaciamadrid district of Madrid. H2O has a primary catchment area of 166,000 people but the location, due to the concentration of complementary retail, has a total catchment of 2.2 million people.

H2O has a gross lettable area of 51,731 square metres, comprising 118 units including shops, a multiplex cinema and restaurants. It has a large fashion retailer base, including some of the strongest European fashion brands, such as Zara, Mango, Cortefiel, H&M, C&A, Massimo Dutti and a recently added leading supermarket operator, Mercadona. It currently has an occupancy rate of 92 per cent (based on rental value).

Passing net rental income in excess of €6 million (£5.2 million) per annum. Weighted average lease length as at 30 September 2011 was 12.2 years to expiry and 1.9 years to next break.

H2O was acquired on 31 March 2010 by a Spanish SPV for €83.3 million (£72.5 million) including acquisition costs and funding has been provided for a further €5 million (£4.4 million) of capital improvements. The acquisition was financed with a €75.0 million (£65.3 million) seven year syndicated bank facility. The Company provided €14.5 million (£12.6 million) of mezzanine and equity finance to the transaction. The mezzanine loan of €14.0 million (£12.2 million) ranks ahead of equity and accrues a coupon of 8 per cent together with profit participation of 10 per cent of EBITDA (after bank interest) of the Spanish property-holding special purpose vehicle. The Investment Manager has co-invested €1.5 million (£1.3 million) in equity.

### *Strategy*

An active leasing programme is continuing and 14 new brands have been added since acquisition. One of Spain's leading supermarket operators, Mercadona, opened a store at H2O during September 2011. The 3,111 square metre supermarket unit, which was vacant at the time of the Company's investment in H2O, has been let on a 30 year lease with a minimum 10 year term.

The Company adopts an active management approach and is seeking to extend key tenants' contracted lease periods. Notable successes have been the extension of leases with tenants including Starbucks, TGI Fridays, Jack & Jones and Sfera (part of the El Corte Ingles Group) in addition to four Inditex Group leases, including Massimo Dutti and Zara Home.

Control of an adjacent lake and landscaped area was secured during June 2011, and a new lakeside plaza and water play area for children has been created. The enlarged amenity offering and water play area is aimed at increasing customer footfall, time spent shopping and spend per head. New rental income will be earned from the six newly created retail kiosks.

Further value adding initiatives are being actively explored, including improved links to the large retail park located opposite the shopping centre, with a view to creating a more integrated “retail village” to increase footfall. Additional phases of this project are under review to broaden the customer appeal of the location.

Projects to create new vehicular access and parking areas are underway with a view to enhancing circulation and accessibility.

An active cost management exercise continues to be implemented to reduce the centre's operating costs and improve the quality and efficiency of services.

#### *Valuation*

The property valuation report on Part VI of this document attributes a Market Value of EUR86,000,000 to the H2O property. The Company attributes an investment value of £13,722,000 to the H2O Investment.

The difference between the two figures arises predominantly because, as disclosed in the property valuation, the property is owned through a joint venture structure and the Group has a 26.01% interest in the SPV holding the property, which also holds the bank and mezzanine debt. The Company's apportionment of the above valuation figure is, therefore, EUR 22,368,600. The remaining difference takes into account the EUR-GBP exchange rate, mezzanine loan, senior debt, trade related payments, cash and tax considerations (further details of which are set out in the notes to the interim accounts for the period ended 30 September 2011 contained in Part V of this document).

## **2.3 AUMP Investment**

#### *Investment Details*

AUMP is a UK property fund listed on the Official List and traded on the Main Market of the LSE with gross property assets of £111.25 million (as at 31 March 2011). AUMP has a regionally diversified portfolio of UK light industrial and office property.

The Company invested, by way of convertible unsecured loan stock, £4.75 million in AUMP (formerly Close High Income Properties PLC) in August 2010.

The Company's CULS earn a coupon of 4.75 per cent per annum. The CULS have preference shares attached to them which give the Company voting rights on resolutions not pertaining to UK Listing Authority matters.

The CULS are convertible into ordinary share capital at any time until June 2013 at a conversion price of 310 pence following a share consolidation which exchanged each holding of 10 existing ordinary shares of 1 penny each for 1 new ordinary share of 10 pence each with effect from 1 July 2011. Should the Company not elect to convert, the CULS are redeemable at a premium of 18 per cent to their face value. The Company also has an option to purchase up to a further 4 million shares in AUMP at a price of 500 pence per share. Should the Company elect to exercise the CULS in full (and assuming that the CULS coupon will be met by the issue of further CULS in accordance with its terms) the Company will hold 17.4 per cent of AUMP's enlarged share capital (assuming no other issues of shares). If the AUMP Option is also exercised in full, the Company will hold 20.5 per cent of AUMP's enlarged share capital (again assuming no other issues of shares).

The Investment Manager receives a management fee of 1.25 per cent per annum of the fund's gross asset value, in consideration for its services. In accordance with its Investment Policy and to avoid double counting of fees on the Company's investment in the convertible loan, the Investment Manager rebates to the Company its net management fee relating to the Company's investment

#### *Strategy*

An active management and leasing programme has been set up and is currently being implemented, which involves continuing reduction in debt (£0.3 million to three months to 30

September 2011) and continuing progress reletting of vacant units (42 new lettings completed in the period to September 2011).

## **2.4 FIT Investment**

### *Investment Details*

FIT is an open-ended unauthorised unit trust scheme that aims to provide secure and stable investment returns from acquiring freehold residential ground rental which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns.

The Company invested a total of £6.2 million in FIT in late 2010. FIT owns over 65,500 freeholds in the UK with a gross annual ground rent income of £7.8 million. FIT has recently announced that it has delivered, as at 31 March 2011, another year of positive returns, its eighteenth since inception, with a total return for the year of 5.50 per cent of which 4.58 per cent was the income yield. FIT's gross asset value at 30 September 2011 was £158.46 million.

FIT operates a monthly dealing facility to provide investment liquidity. In accordance with its Investment Policy and to avoid double counting of fees on the Company's investment, the Investment Manager rebates to the Company its net management fee relating to the Company's investment.

### *Strategy*

The investment is expected to be short term and is expected to provide a better return than is currently accrued on the Company's cash balances.

## **2.5 Cambourne Investment**

### *Investment Details*

Phase 1000 Cambourne Business Park comprises three Grade A specification modern office buildings constructed in 1999 located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property is self-contained and has 475 car spaces. The property is situated at the front of the business park with good access and visibility and occupies a site of approximately 5.6 hectares (6.3 acres). It is an institutional quality asset, fully let to Convergys EMEA Limited, Citrix Systems UK Limited and Regus (Cambridge Cambourne) Limited. The property has open B1 Business user planning permission.

Phase 1000 Cambourne Business Park was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs in October 2011. The Company's equity contribution of £1.2 million, which represents 10 per cent of the total equity commitment, was invested into a newly formed joint venture entity, a subsidiary of which holds the property. Bank finance of £10.8 million in the joint venture was also obtained.

The Investment Manager has been appointed as asset and property manager of the joint venture entity. In accordance with its Investment Policy and to avoid double counting of fees on the Company's investment, the Investment Manager rebates to the Company its net management fee relating to the Company's investment.

## *Strategy*

The Cambourne Investment is an investment in a quality office park with a high income yield in an established location, noted for its research and development clusters. Potential value-add opportunities are being pursued by the Investment Manager.

## *Valuation*

The property valuation report on Part VI of this document attributes a value of £21,820,000 to the Cambourne property. The Company attributes an investment value of £1,200,000 to the Cambourne Investment.

The difference between the two figures arises predominantly because, as disclosed in the property valuation, the property is owned through a joint venture structure and the Group has a 10% ownership of the property. The Company's apportionment of the above figure is, therefore, £2,182,000.

The remaining difference in the figure is attributable to the senior debt in the SPV holding the property and acquisition costs.

## **2.6 AURE Investment**

### *Investment Details*

AURE (formerly called the Aberdeen UK Active Property Fund PLC) ("AURE") is an Irish resident open ended investment company listed on the Irish Stock Exchange. AURE invests in UK commercial property and owns a portfolio of 27 properties valued at £64.8 million as of 30 September 2011. The unaudited net asset value of AURE at 30 September 2011 was £0.414 per share, equating to a net asset value of £25.6 million.

In October 2011, the Company invested £7.5 million in AURE by way of a three year convertible loan. The convertible loan can be converted into £7.5 million worth of AURE shares at an effective price of 41.4p per AURE share (equal to 30 September 2011 NAV per share). On conversion, the Company would be issued approximately 18 million new ordinary shares in AURE which would represent approximately 23 per cent of the enlarged ordinary share capital of AURE (post a planned one-off £2.5 million share redemption), and assuming no further net share redemptions.

The convertible loan has an annual coupon of 6 per cent payable quarterly in cash. Should the Company elect not to convert, the convertible loan is redeemable at a premium of 14 per cent to its face value.

AURE was previously managed by Aberdeen Property Investors UK Limited. AURE is now managed by the Investment Manager, with certain services being provided by Aberdeen Property Investors UK Limited and Aberdeen Real Estates Operations Limited.

The Investment Manager receives a management fee of 1.25 per cent per annum of AURE gross asset value, in consideration for its services, while retaining the services of Aberdeen Property Investors UK Limited and Aberdeen Real Estates Operations Limited under a sub-contract to undertake asset management, fund administration and accounting services. In accordance with its Investment Policy and to avoid double counting of fees on the Company's investment in the convertible loan, the Investment Manager rebates to the Company its net management fee relating to the Company's investment.

### *Strategy*

The Investment Manager is applying its property expertise and resources to the AURE Investment. As part of this, a reduction of the fund's debts and securing additional headroom under the financial covenants such as loan to value ratios will be explored. The Investment Manager's reputation and network will be leveraged with a view to improve the distribution prospects of the fund.

### **PART III**

#### **DIRECTORS, MANAGEMENT AND ADMINISTRATION**

##### **1. DIRECTORS**

The Directors, all of whom are non-executive, are responsible for the determination of the Investment Policy of the Company and for the overall supervision of the Group's activities. They each have a letter of appointment dated 26 March 2006. Pursuant to these letters of appointment, at the next annual general meeting each Director was re-elected. Thereafter at each annual general meeting one-third of the number of Directors in office (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall be required to resign by rotation. The Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who become or were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to be re-elected at the next annual general meeting are Serena Tremlett and David Jeffreys. Both were elected at the annual general meeting held on 8 May 2009. The date of the next annual general meeting will be 3 August 2012.

The Board of the Company is comprised of a variety of persons who together give Shareholders the benefit of international real estate, fund management and financing experience.

The address of each of the Directors is the registered office of the Company. Aside from Phillip Rose, the Directors are independent.

The Directors of the Company are as follows:

##### **David Jeffreys, age 52 – (Chairman) (Non-UK resident)**

David Jeffreys qualified as a Chartered Accountant with Deloitte Haskins and Sells in 1985. He works as an independent non-executive director to a number of Guernsey based investment fund companies and managers and is a Guernsey resident. From 2007 until 2009 David was the Managing Director of EQT Funds Management Limited, the Guernsey management office of the EQT group of private equity funds. He was previously the Managing Director of Abacus Fund Managers (Guernsey) Limited between 1993 and 2004, a third party administration service provider to primarily corporate and fund clients. In addition to the Company, David is a director of the following listed companies: Alpha Pyrenees Trust Limited, Ingenious Media Active Capital Limited, PFB Data Centre Fund Limited and Tetragon Financial Group Limited.

##### **Jeff Chowdhry, age 51 (UK resident)**

Jeff Chowdhry is currently Head of Emerging Market Equities at F&C Asset Management plc, with overall responsibility for investments in global emerging markets. Previously, he was a director of Sun F&C Asset Management (India) Limited and also managed the Indian Investment Company SICAV, an open ended investment fund registered in Luxembourg. Prior to this, Jeff managed the India Fund Inc, a closed ended investment fund listed in New York that seeks long-term capital appreciation through investing primarily in Indian equities.

##### **Phillip Rose, age 52 (UK resident)**

Phillip Rose is a Fellow of the Securities Institute and holds a Master of Laws degree. He has over 25 years experience in the real estate, funds management and banking industries in Europe, the USA and Australasia. He has been the Head of Real Estate for ABN AMRO

Bank, Chief Operating Officer of European shopping centre investor and developer TrizecHahn Europe, Managing Director of retail and commercial property developer and investor Lend Lease Global Investment and Executive Manager of listed fund General Property Trust. Phillip is currently CEO of the Investment Manager, a non executive director of the retail property investor Great Portland Estates plc and a member of its Audit Committee. He is also a member of the Management Committee of the Hermes Property Unit Trust and its audit committee.

**Roddy Sage, age 59 (Non-UK resident)**

Roddy Sage is currently Chief Executive Officer of the AFP group of companies, providing corporate and taxation advisory services in Asia. Prior to that he spent 20 years with KPMG Hong Kong, 10 years of which were as Senior Tax Partner for Hong Kong and China. He has held Chairmanships within KPMG and outside as Chairman of the Hong Kong General Chamber of Commerce's Taxation Committee and is a non-executive director of Tai Ping Carpets International and Guoco Group Limited.

**Serena Tremlett, age 47 (Non-UK resident)**

Serena Tremlett has over 25 years experience in financial services, specialising in closed ended property and private equity funds and fund administration over the last 15 years. She is a Guernsey resident and Managing Director of Morgan Sharpe Administration (the Company's Administrator), a third party fund administrator which was acquired by her and her team by way of management buy-out in April 2008 and is a non-executive director on the listed company boards of Alpha Pyrenees Trust, Ingenious Media Active Capital and those of Stenham Property in addition to various unlisted funds and general partnerships. Serena was previously company secretary (and formerly director) of Assura Group, a company listed on the LSE investing in primary healthcare property and ran Assura's Guernsey head office. Prior to working for Assura, Serena was head of Guernsey property funds at Mourant Guernsey (now State Street) for two years and worked for Guernsey International Fund Managers (now Northern Trust) for seven years where she sat on a number of listed and unlisted fund boards.

## **2. INVESTMENT MANAGER**

Alpha Real Capital LLP acts as the Investment Manager and is a limited liability partnership incorporated on 11 April 2005 in England and Wales with registered number OC312705 under the Limited Liability Partnership Act 2000 (as amended). The Investment Manager has been given responsibility for the management of the assets of the Company and will conduct the day to day management of the Company's assets, subject to the overall supervision of the Directors.

The Investment Manager is authorised by the FSA with FSA registration number 436048. The address of the Investment Manager is 1B Portland Place, London, W1B 1PN, UK, and its telephone number is +44 (0)20 7268 0300.

The Company has entered into the Management Agreement under the terms of which it has appointed the Investment Manager with responsibility for, amongst other things, the management of the Group's property portfolio. Each member of the management team is either a member or employee of the Investment Manager, with the exception of Michael Spencer.

The management team has experience of investing, financing, developing and managing real estate throughout Europe, the USA and Asia Pacific. The experience of members of the management team is set out below.



### **Phillip Rose – (Chief Executive Officer)**

See experience described above.

### **Sir John Beckwith**

Sir John Beckwith has been involved in property investment and other investment for his entire working life. He founded London & Edinburgh Trust PLC (“LET”) in 1971 where he was Chairman and Chief Executive Officer and developed it into one of the top ten listed real estate companies in the UK and a leading investor in Asian real estate including Hong Kong, Singapore, Thailand and Indonesia. Following the sale of LET, he established Pacific Investments through which he founded, inter alia, a number of successful asset management businesses, including Liontrust Asset Management and Thames River Capital and has been investing in India since October 2000 through the Frontiers Group. John qualified as a Chartered Accountant with Arthur Andersen.

### **Michael Spencer**

Michael is currently Group Chief Executive Officer of ICAP plc. He was also the founder of Intercapital Private Group Limited (“IPGL”) in 1986, becoming Chairman and Chief Executive in October 1998, which is a member of the Investment Manager. IPGL’s other interests include City Index and investments in a variety of other financial services companies. IPGL are also substantial shareholders in ICAP.

### **Bradley Bauman – (Joint Fund Manager)**

Brad Bauman has 23 years experience in the real estate and finance industries, and has been responsible for the Investment Manager’s Asian investment programme since 2005. His experience includes seven years with CB Richard Ellis where he was Managing Director of CBRE Financial Services assisting in the establishment of CBRE’s co-investment vehicle, CBRE Strategic Partners UK I Fund, and from 1994 to 1997 was involved in acquiring and managing distressed debt portfolios. Prior to joining the Investment Manager, Bradley was Executive Director, Real Estate Investment Banking at Lehman Brothers.

### **Karl Devon-Lowe**

Karl Devon-Lowe is a Chartered Accountant with over 20 years finance experience in the real estate and leisure sectors. He joined the Investment Manager in March 2007 having previously worked in group finance at Hammerson plc and at Heron International as financial controller for its European leisure portfolio. He is also an associated member of the Association of Corporate Treasurers.

### **Mark Rattigan**

Mark Rattigan has previously been Chief Operating Officer and Director – Finance and Operations at RREEF (Deutsche Bank’s real estate funds management group) based in London. He has 23 years experience in real estate, funds management and investment banking. Mark has also served as Fund Manager of Rubicon Europe Trust Group, an Australian real estate investment trust which holds a portfolio of European properties and commercial real estate loan assets. His experience includes 13 years in real estate investment banking with Deutsche Bank, HSBC Investment Bank and Macquarie Bank in both London and Sydney and five years as a property development manager at Lend Lease. Mark holds a Bachelor of Civil Engineering (Honours) from the University of Sydney and an Investment Management Certificate from the UK Society of Investment Professionals.

### **Gordon Smith - (Joint Fund Manager)**

Gordon Smith has 16 years experience in the real estate and finance industries across Europe, the UK and India. Gordon has worked in banking, fund management and real estate consultancy. He was previously a Director in The Royal Bank of Scotland's investment banking division where he focused on structured real estate led transactions and a Fund Manager at Morley Fund Management (now Aviva Investors) with responsibility for a number of UK institutional funds. Gordon is a chartered surveyor and is based in Madrid.

## **3. MANAGEMENT AGREEMENT**

The Company and the Investment Manager have entered into a management agreement dated 18 December 2006 pursuant to which the Company appointed the Investment Manager to provide investment and development advisory services to the Company (and potentially other members of its corporate group), and property advisory and property management services to other members of the Group in each case in accordance with the investment objective and Investment Policy and restrictions of the Group from time to time. Further details are set out in paragraph 9.1.1 of Part VII.

## **4. ADMINISTRATION, SECRETARIAL AND OTHER ARRANGEMENTS**

The Company has engaged the Administrator to provide it with, amongst other things, administration, registrar, secretarial, safe-keeping and management services pursuant to the Administration Agreement. For these services the Company pays the Administrator a fee based on time incurred on the Company's behalf, subject to a maximum charge of £5,833.33 per month. The Administration Agreement is terminable by either party on not less than 90 days notice, save in certain limited circumstances when it may be terminated forthwith. Further details are set out in paragraph 9.1.2 of Part VII.

The Company has appointed Computershare as Registrar pursuant to a CREST Services Agreement between Computershare and the Company. The fees and expenses of Computershare are paid by the Company. Further details of this agreement are set out in paragraph 9.1.4 of Part VII.

## **5. FEES AND EXPENSES**

The Company bears the fees and out-of-pocket expenses properly incurred in the performance of the respective duties of the Investment Manager and the Administrator and in addition meets all its own costs and expenses, including the costs and expenses of the Directors, advisers, consultants, surveyors and other agents engaged on its behalf, commissions, banking fees, legal expenses, insurance costs, regulatory fees, letting fees, acquisition and disposal fees, auditors, listing costs and the costs of distribution of reports and accounts and similar documentation to Shareholders.

### **5.1 Expenses relating to Admission on the SFM**

The fees for Admission on the SFM are expected to be £170,000. These fees will be paid on or around Admission

### **5.2 Ongoing Annual Expenses**

The Company also incurs ongoing annual expenses. These expenses include the following:

### **5.2.1 Investment Manager**

The Investment Manager is entitled to a management fee payable quarterly in arrears at a rate of 2 per cent per annum of the Company's net asset value (as defined therein) and set out at paragraph 9.1.1 of Part VII.

In addition, the Investment Manager is entitled to an annual performance fee calculated by reference to the relevant Total Shareholder Return as set out at paragraph 9.1.1 of Part VII. The Total Shareholder Return is a percentage, calculated by reference to (i) the Company's share price at the end of the relevant accounting period, plus all dividends paid and returns of capital received during that accounting period less (ii) the High Watermark Amount, divided by the High Watermark Amount.

### **5.2.2 Administration**

The Administrator is entitled to an annual fee from the Company based on time incurred on the Company's behalf, subject to a maximum charge of £5,833.33 per month. Further details are at paragraph 9.1.2 of Part VII.

### **5.2.3 Directors**

The Directors are remunerated for their services at an aggregate fee for all Directors not to exceed £200,000 per annum.

### **5.2.4 Other Operational Expenses**

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company are borne by the Company including travel, accommodation, printing, directors and officers liability insurance, website maintenance, audit and legal fees. All out of pocket expenses of the Investment Manager that are reasonably and properly incurred, the Administrator, the CREST Agent and the Directors relating to the Company are borne by the Company. These expenses in the last financial year were in the region of £378,000.

## **6. TAXATION**

Basic information concerning the tax status of the Company is contained in paragraph 7 of Part VII of this prospectus. If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, he should seek advice from his own independent professional adviser.

## **7. MEETINGS AND REPORTS TO SHAREHOLDERS**

All general meetings of the Company are held in Guernsey. The Company holds a general meeting as its annual general meeting each year, the most recent of which was held on 5 August 2011.

## **8. FINANCIAL INFORMATION**

The Company was incorporated in May 2006 and the Company's annual report and consolidated accounts are prepared to 31 March each year and copies are sent to Shareholders within the following four months. Shareholders also receive an unaudited interim report each year in respect of the six month period to 30 September, which is dispatched to Shareholders within the following three months. Shareholders are sent updates on the Group's activities as and when appropriate. The Company's accounts are drawn up in Sterling and in compliance with IFRS as adopted by the European Union.

## 9. CONFLICTS OF INTEREST

Pacific Investments, a company controlled by Sir John Beckwith, a member of the Investment Manager, undertakes real estate projects throughout the world. The Investment Manager may also from time to time have a number of customers or funds under management with investment objectives which overlap with those of the Company. In light of this, the Investment Manager has agreed in the Management Agreement that, until the earlier of: (a) the date on which the Company has real property investments of not less than £125 million; and (b) the determination of the Management Agreement in accordance with its terms, the Investment Manager will not acquire (whether on its own behalf or as investment manager or adviser to any fund or entity other than the Company) a property situated in India meeting the Company's investment objective (or any interest therein, whether direct or indirect) where such property or relevant interest (as the case may be) has a value of £5 million or more, or a property so situated and meeting such objective (or any interest therein, whether direct or indirect) where such property is to be developed whilst within the relevant ownership and the property or relevant interest (as the case may be) has an anticipated value after such development of £5 million or more, unless it has first offered the Company (via its Board) the opportunity to acquire such property or relevant interest.

It is not the Company's intention to target property investments with a value of less than £5 million. In the event that the Board resolves not to pursue such an opportunity, the Investment Manager shall be free to do so, on materially the same terms. Furthermore, where the Investment Manager has entered, or at any time in the future enters, into any joint venture arrangement with a third party, it shall use all reasonable endeavours (acting in good faith) to ensure that, where applicable, such joint venture complies with these rights of first offer provisions to the extent that the Investment Manager's economic interest in the relevant property would exceed these amounts. Similar undertakings have been obtained from Pacific Investments in respect of itself and its group undertakings.

Both the Board and the Company recognise the importance of having procedures in place to address potential conflicts of interest that may arise between the Company and the Investment Manager. However, given the wide geographical scope of the Investment Policy, both the Board and the Investment Manager agree that it would be impractical for the "right of first refusal" provision under the Management Agreement to be extended beyond real estate investment in India. Notwithstanding the foregoing, the Company and the Investment Manager have entered into a side letter to the Management Agreement in which the Investment Manager gives certain undertakings to the Company in relation to the management of potential conflicts of interest (the "Conflicts Side Letter").

Under the terms of the Conflicts Side Letter, there is a general undertaking from the Investment Manager to the Company to use (and to procure that members of its group use) best efforts to manage conflicts and potential conflicts of interest with the Company. In summary, and without prejudice to the generality of the foregoing, the Investment Manager undertakes to the Company that it will (a) maintain and fully adhere to a detailed policy for managing conflicts of interest; (b) notify the Board promptly if it or any member of its group proposes to advise, manage or establish or arrange transactions in real estate investments for any fund, company or other structure that has investment guidelines which are similar to the Investment Policy; and (c) act in the best interests of the Company at all times with respect to allocating investment opportunities to its clients in accordance with its policy for managing conflicts of interest. The Board is also required by the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Commission to ensure that there is no breach of the conflicts requirements of those rules. The Conflicts Side Letter is without prejudice to the existing provisions of the Management Agreement. In addition to acting as investment manager to the Company, the Investment Manager also acts as investment manager to the following companies:

- APTL, a Guernsey registered closed-ended investment company listed on the Official List of the LSE, which has been established for the purpose for investing in French and Spanish commercial real estate; and
- AGPIT, an unlisted Guernsey registered closed-ended investment company which has been established for the purpose of investing in German commercial real estate.

The Investment Manager has advised that the management agreements that the Investment Manager has entered into with APTL and AGPIT contain certain right of first refusal provisions for investment opportunities that the Investment Manager identifies meet the respective investment criteria of APTL and AGPIT. Accordingly, consideration of the relevant provisions of these management agreements is taken into account as part of the Investment Manager's overall conflicts policy. In the event of a potential conflict of interest in relation to purchase opportunities, allocation should be made on the basis, amongst other things, of the date the capital was made available for investment in the relevant market, sector and return profile.

## **9.1 Corporate governance**

The Company complies with the Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance dated September 2011.

As a Guernsey registered company, the Company is not required to comply with the UK Corporate Governance Code and has not complied with the UK Corporate Governance Code during the Company's last financial year.

## **9.2 Audit, remuneration and nominations committees**

The Board has established an audit committee, which is chaired by David Jeffreys and includes Serena Tremlett and Roddy Sage. The audit committee meets not less than twice a year and, if required, meetings can also be attended by the Investment Manager, the Administrator and the Independent Auditors. The audit committee is responsible for reviewing the half-year and annual financial statements of the Company before their submission to the Board. In addition, the audit committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the auditors (including remuneration), the independence and objectivity of the auditors, and reviewing with the auditors the results and effectiveness of the audit. Members of the audit committee may also, from time to time, meet with the Company's valuers to discuss the scope and conclusions of their work.

The remuneration committee, which meets once a year, is chaired by Serena Tremlett and includes Jeff Chowdhry and David Jeffreys, and is required to consider the terms and remuneration of the Company's directors and senior employees.

The nomination committee, which meets once a year, is chaired by Roddy Sage and includes Phillip Rose and Serena Tremlett, and is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate.

## **PART IV**

### **OPERATING AND FINANCIAL REVIEW OF THE COMPANY**

The financial information contained in this section has been extracted without material adjustment from the consolidated audited report and accounts for the year ended 31 December 2008, the fifteen month period ended 31 March 2010 and the year ended 31 March 2011. The half year reports for the nine months to 30 September 2009, the six months to 30 September 2010 and for the six months to 30 September 2011 are unaudited but have been reviewed by the Company's Auditors BDO. The financial information has been prepared in accordance with IFRS as adopted by the European Union. This section should be read in the context of this document as a whole. Reliance should not be placed only on the key or summarised data below, without reading the rest of this Prospectus.

#### **1. Business overview**

The Company is a non-cellular company limited by shares incorporated in Guernsey.

The Company was established on 15 May 2006 for the purposes of investing in and developing real estate in India. The Company's objective was to target investment and development opportunities in real estate in India that would offer high total returns. When opportunities for the Company in India did not represent an adequate risk adjusted return, the Company changed its investment strategy and now its investments are unconstrained by geography; however, it is currently focused on the UK, Europe and Asia. The Company's real estate investments may be held either directly or indirectly through joint venture or other investment structures, including equity, debt instruments, convertible loans and options or other securities.

The investment portfolio of the Company is summarised in Part II of this document. Please consult this section for further details on specific investments of the Company.

#### **2. Dividends**

No dividend has been paid or proposed for the period under review.

#### **3. The outlook for the Company's investment portfolio**

##### **3.1 Europe – UK**

With regards to the economic outlook, in the third quarter of 2011 UK GDP growth was provisionally announced at a higher than expected 0.5 per cent, up from 0.1 per cent in the second quarter. However, uncertainty remains about the ability to sustain growth over the coming quarters.

UK 10-year gilt yields remain low at 2.2 per cent reflecting their perceived 'safe haven' status. The UK government's choice to tighten its fiscal stance early on has been successful at buttressing market sentiment but has created headwinds for near-term growth.

During the third quarter of 2011, the Bank of England surprised markets by announcing a bigger-than-expected £75 billion increase in the quantitative easing programme. Some commentators have queried whether more quantitative easing was necessary, citing already rising inflationary pressures. It appears that the threat of ebbing confidence in economic growth was considered a more immediate concern.

The availability of real estate debt finance remains scarce and broadly limited to prime assets. Core sectors and markets, such as central London property, appear to be benefiting from the uncertainty in the global economy. Overseas investors continue to be attracted to core UK real estate markets and

sectors due to a perceived ‘trophy’ status, the standing of the UK as a global financial centre and the relatively long lease lengths available.

Transaction volumes improved in the third quarter, with £6.9 billion purchased during the quarter according to property data, taking the year to date total to £24.3 billion. The property yield gap over gilts increased over the past quarter, principally due to the decline in the gilt yield.

### **3.1.1 Alpha Tiger’s investments in Europe – UK are:**

#### **Alpha UK Multi Property Trust plc**

On 10 August 2010 the Company invested, by way of convertible unsecured loan stock, £4.75 million in AUMP, a UK property fund (formerly known as Close High Income Properties PLC) listed on the Official List and traded on the Main Market of the LSE. AUMP has a regionally diversified portfolio of UK light industrial and office property.

The potential to create value through the active asset management of an income focussed property portfolio has been part of the Company’s rationale for its AUMP investment.

The Company’s CULS earn a coupon of 4.75 per cent per annum. The CULS have preference shares attached to them which give the Company voting rights on resolutions not pertaining to UK Listing Authority matters. As of 1 July 2011, AUMP carried out a share consolidation replacing 10 ordinary shares with 1 new ordinary share. The CULS are convertible into ordinary share capital at any time until June 2013 at a new conversion price of 310 pence as a result of the consolidation. Should the Company not elect to convert, the CULS are redeemable at a premium of 18 per cent to their face value.

The Company also has an option to purchase up to a further 4 million shares in AUMP at a price of 500 pence per share (again adjusted for the share consolidation). Should the Company elect to exercise the CULS in full (and assuming that the CULS coupon will be met by the issue of further CULS in accordance with its terms) the Company will hold 17.4 per cent of AUMP’s enlarged share capital (assuming no other issues of shares). If the AUMP Option is also exercised in full, the Company will hold 20.5 per cent of AUMP’s enlarged share capital (again assuming no other issues of shares).

#### **Alpha UK Real Estate Fund plc (previously Aberdeen UK Active Property Fund plc)**

On 18 October 2011, the Company agreed to invest £7.5 million in AURE (formerly called the Aberdeen UK Active Property Fund plc), an Irish resident open ended investment company listed on the Irish Stock Exchange. AURE invests in UK commercial property and owns a portfolio of 27 properties valued at £64.8 million as of 30 September 2011. The unaudited net asset value of AURE at 30 September 2011 was £25.6 million (41.1 pence per share). AURE recorded a profit before tax of £3.56m for the year ended 30 September 2010.

The Company’s investment in AURE is by way of a three year convertible loan. The convertible loan can be converted into £7.5 million worth of AURE shares at an effective price of 41.4p per share (equal to 30 September 2011 NAV per share). On conversion, the Company would be issued approximately 18 million new ordinary shares in AURE which would represent approximately 23 per cent of its enlarged ordinary share capital (after a planned one-off £2.5 million share redemption and assuming no further net share redemptions).

The investment by the Company represents an opportunity to invest Shareholders’ funds via an attractive capital structure with a preferred minimum return, in a portfolio of industrial, office and retail property, which offers scope for improved performance through the Investment Manager’s asset management expertise and experience.

The convertible loan will have an annual coupon of 6 per cent payable quarterly in cash. Should the Company elect not to convert, the convertible loan is redeemable at a premium of 14 per cent to its face value.

### **Cambourne Business Park, Phase 1000, Cambridge**

On 7 October 2011, the Company invested in a joint venture that acquired the Phase 1000 of Cambourne Business Park, which consists of three quality Grade A specification modern office buildings constructed in 1999 located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The 9,654 square metre property is self-contained and has 475 car spaces. Phase 1000 is situated at the front of the business park with good access and visibility and occupies a site of approximately 5.6 hectares (6.3 acres).

Phase 1000 is an institutional quality asset, fully let to Convergys EMEA Limited, Citrix Systems UK Limited and Regus (Cambridge Cambourne) Limited. The property has open B1 business user planning permission and is considered to have potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs. The Company's equity contribution of £1.2 million, which represents 10 per cent of the total equity commitment, was invested into a newly formed joint venture entity, a subsidiary of which holds the property. Bank finance of £10.8 million was obtained. The property was acquired at an 8.5 per cent net initial yield.

### **Freehold Income Trust**

On 24 November 2010 and 30 December 2010, the Company invested a total of £6.2 million in FIT, an open-ended unauthorised unit trust scheme that invests in UK residential freehold ground rents which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns. FIT owns over 65,500 freeholds in the UK with a gross annual ground rent income of £7.8 million. The trust has recently announced that it has delivered, as at 31 March 2011, another year of positive returns, its eighteenth since inception. FIT has given a compound return of 6.87 per cent over the past five years to 31 December 2010 (based on a bid to bid basis with income reinvested). FIT's NAV at 30 September 2011 was £144.8 million.

The investment is expected to provide a better return than is currently earned on the Company's cash balances. FIT operates a monthly dealing facility to provide liquidity.

## **3.2 Europe - Spain**

Spain's GDP did not grow in the third quarter of 2011, following on from growth of 0.2% in the second quarter. Comfort from the economy's gradual but sustained recovery should be balanced with the fact that slower growth in the "core" euro-zone economies will create a drag on the whole region's ability to maintain growth momentum. The unemployment level remains above 20% and continues to be an important issue to be resolved over the near term.

The Spanish national debt level as a percentage of GDP is lower than many of its European peers. At 65.2% it is significantly lower than other economies in the European "periphery". The Spanish 10 year bond has suffered speculative attacks over the past months putting upward pressure on bond yields, which remain above 5%.

Many companies and indeed government bodies, for example the Generalitat de Catalunya, are seeking to gain liquidity by entering sale and leaseback transactions, offering long term lease structures to attract investors. This follows successful similar transactions undertaken earlier by BBVA and Caja Madrid banks and Eroski supermarket. A notable exception to this divestment trend



by real estate owners has been the purchase by El Corte Inglés of its own department store in Vaguada, Madrid.

### **3.2.1 The Company's investments in Europe - Spain**

#### **H2O Rivas-Vaciamadrid, Madrid**

On 31 March 2010, the H2O shopping centre was acquired by a Spanish SPV for €3.3 million (£72.5 million) including acquisition costs, and funding has been provided for a further €5 million (£4.4 million) of capital improvements. The acquisition was financed with a €75 million (£65.3 million) seven year syndicated bank facility. The Company provided €14.5 million (£12.6 million) of mezzanine and equity finance to the transaction. The mezzanine loan of €14 million (£12.2 million) ranks ahead of equity and accrues a coupon of 8 per cent together with profit participation of 10 per cent of EBITDA (after bank interest) of the Spanish property holding special purpose vehicle. In relation to the mezzanine loan, two forward sale options have been purchased covering €7 million (£6.1 million) of the exposure. The Investment Manager has co-invested €1.5 million (£1.3 million) in equity.

The asset is jointly controlled by the Company and the Investment Manager, and the Company has proportionately consolidated its interest in the joint venture. As part of the H2O acquisition, the Company entered into an option agreement dated 31 March 2010 giving the Company the right to acquire the Investment Manager's investment for a pre-determined price (or fair value, if higher) between 1 May 2010 and 31 December 2010. As previously announced, this option has been extended to 31 March 2012 with the same principal terms as the original option.

The H2O shopping centre opened in June 2007 and was built to a high standard providing shopping, restaurants and leisure facilities around a central theme of landscaped gardens and an artificial lake. H2O was designed as a new concept centre, combining different uses, with the objective of attracting and sustaining a wide range of consumers.

H2O has a gross lettable area of 51,731 square metres, comprising 118 units, including shops, a multiplex cinema and restaurants. It has a large fashion retailer base, including some of Europe's strongest fashion brands, including Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti, in addition to leading Spanish supermarket operator Mercadona which opened during September 2011.

The centre has a passing net rental income in excess of €6 million (£5.2 million) per annum which is in line with budget. The weighted average lease length as at 30 September 2011 is 12.2 years to expiry and 1.9 years to next break. The centre is currently 92 per cent occupied (based on rental value).

### **3.3 Asia – India**

Since the start of 2011, India's economy has been characterised by relatively strong growth coupled with high inflation and rising interest rates.

India's economy continues to demonstrate robust growth, with GDP growth of 7.8% per cent forecast in the fiscal year ending March 2012 and 8.3% per cent in 2013. India's strong growth fundamentals - high saving and investment rates, its expanding workforce and middle class - are likely to sustain its economic performance.

Stubbornly high inflation, however, remains a lingering concern. The Reserve Bank of India raised its main policy rate, the repurchase (repo) rate, to 8.50 per cent per annum in October 2011, which reflects a 225 basis point increase since January 2011.

The outlook for India's office market remains generally positive. The Delhi National Capital Region continued to show signs of improving demand, as evidenced by new lettings in the second quarter 2011 being at their highest level since 2009. India's first Formula 1 Grand Prix was recently hosted in NOIDA, affirming the increasing prominence of the location.

The Information Technology and IT Enabled Services sector led demand but growth was also reported from sectors such as technology, manufacturing, energy, consumer goods and chemicals. Continued growth in demand should assist the prospects for a sale of the Company's Galaxia investment.

### 3.3.1 Alpha Tiger's investment in Asia - India

#### Galaxia, National Capital Region, NOIDA

On 2 February 2011, the Company recommenced arbitration proceedings against its development partner Logix in order to protect its Galaxia investment.

Following an attempt by Logix, by way of a civil suit, to dispute the validity of the recommencement of arbitration proceedings brought by the Company, the Delhi High Court has ruled in favour of the Company and dismissed the Logix suit. In response to an injunction application filed by the Company, the Delhi High Court has also passed an order restraining Logix from transferring or encumbering the Galaxia site, without leave of the arbitral tribunal. Further, the Court has directed Logix to make payment of installments of outstanding lease rentals relating to the Galaxia site until the completion of the arbitration.

Notwithstanding the above, the Company is continuing to actively explore avenues for a sale of the development. Further updates will be provided in due course.

### 3.4 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	For the 6 months to 30 September 2011 unaudited £'000	For the 12 months to 31 March 2011 audited £'000	For the 6 months to 30 September 2010 unaudited £'000	For the 15 months to 31 March 2010 audited £'000	For the 9 months to 30 September 2009 unaudited £'000	For the 12 months to 31 December 2008 audited £'000
<b>Income</b>						
Revenue	1,417	2,686	1,239	0	0	0
Net change in the revaluation of investment property	500	136	(78)	(4,263)	(3,831)	160
Net loss on indirect property investment held at fair value	0	0	0	(774)	0	0
<b>Total income</b>	<b>1,917</b>	<b>2,822</b>	<b>1,161</b>	<b>(5,037)</b>	<b>(3,831)</b>	<b>160</b>
<b>Expenses</b>						
Property operating expenses	(617)	(1,100)	(279)	0	0	0
Investment managers fees	(510)	(1,054)	(512)	(1,694)	(1,021)	(1,555)
Other administration fees	(688)	(1,364)	(758)	(1,406)	(849)	(630)
<b>Total operating expenses</b>	<b>(1,815)</b>	<b>(3,518)</b>	<b>(1,549)</b>	<b>(3,100)</b>	<b>(1,870)</b>	<b>(2,185)</b>
<b>Operating (loss) / profit</b>	<b>102</b>	<b>(696)</b>	<b>(388)</b>	<b>(8,137)</b>	<b>(5,701)</b>	<b>(2,025)</b>

<b>Consolidated statement of comprehensive income</b>	<b>For the 6 months to 30 September 2011 unaudited</b>	<b>For the 12 months to 31 March 2011 audited</b>	<b>For the 6 months to 30 September 2010 unaudited</b>	<b>For the 15 months to 31 March 2010 audited</b>	<b>For the 9 months to 30 September 2009 unaudited</b>	<b>For the 12 months to 31 December 2008 audited</b>
Finance income	1,282	2,049	728	529	381	3,898
Finance costs	(770)	(1,490)	(888)	0	0	0
<b>(Loss) / profit before taxation</b>	<b>614</b>	<b>(137)</b>	<b>(548)</b>	<b>(7,608)</b>	<b>(5,320)</b>	<b>1,873</b>
Taxation	(32)	(31)	0	78	77	(187)
<b>(Loss) / profit /after taxation</b>	<b>582</b>	<b>(168)</b>	<b>(548)</b>	<b>(7,530)</b>	<b>(5,243)</b>	<b>1,686</b>

#### **4. Notes to the consolidated statement of comprehensive income**

##### **4.1 Revenue**

The Group's H2O joint venture, the holding structure for the H2O investment interest, has been proportionally consolidated following its acquisition on 31 March 2010. The revenue items included in the income are entirely from this investment and include rental income, service charge income and other income. Revenue for H2O commenced on 1 April 2010. Since then, the revenue for the asset has increased due to the numerous re-lettings and the implementation of various investment management initiatives, explained in detail in Part II of the prospectus.

##### **4.2 Net change in the revaluation of investment property**

The net change in revaluation of the investment properties for the period up to 31 March 2010 includes the fair value movements on the Company's joint venture investment in Technova up to 30 October 2009, after which the investment was classified as an indirect property investment. It also includes the fair value movements on the investment in Technika up to its disposal on 22 February 2010.

The fair value of the investment property was calculated on the basis of a valuation carried out by Colliers International (Hong Kong) Limited, external valuers. The valuations were carried out in accordance with the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors.

As previously announced in section 3.3.1., the Company initiated arbitration proceedings regarding its investments in Technova, a 5 acre business park and Galaxia, an 11.2 acre Special Economic Zone, both located in NOIDA, National Capital Region, India. Arbitration proceedings were subsequently withdrawn following the entering of agreements with the Company's joint venture partner, Logix, under which Logix acquired the Company's shareholding in Technova for £3.6 million (INR 250 million) on 28 May 2010 with both parties undertaking to explore a sale of the Galaxia project.

For the period from 31 March 2010, the revaluation of investment property reflects the Group's proportionate share of the investment property (H2O) held via the H2O joint venture. The fair value has been arrived at on the basis of valuations carried out at the period/year end date by CBRE Valuation Advisory S.A. ("CBRE"), external valuers not connected to the Group. The valuation basis has been market value as defined by the Royal Institution of Chartered Surveyors Valuation Standards

There has been an increase in the value of H2O since acquisition mainly due to:

- an active leasing programme attracting new tenants including Mercadona, one of Spain's leading supermarket operators;
- active negotiations to extend key tenants' contracted lease periods; and
- following the acquisition of the adjacent lake and landscaped area during June 2011, a new lakeside plaza and water play area for children has been created.

#### **4.3 Net loss on indirect property investment held at fair value**

The loss reflected in the accounts for the 15 months ended 31 March 2010 represents the Company's interests in the Indian Technova and Galaxia projects and the fair value was determined by reference to the terms of the Settlement Agreement announced on 28 May 2010.

Previously the investment in IT Infrastructure Park Pvt Limited was treated as a joint venture, so the movement on the investment would be accounted for in paragraph 4.2 above. However, the joint venture agreements were revised during the period to 31 March 2010. The revised agreements have led the Group's investment to be classified as an indirect property investment held at fair value.

#### **4.4 Property operating expenses**

The Group's H2O joint venture, the holding structure for the H2O investment interest, has been proportionally consolidated following its acquisition on 31 March 2010. This co-investment in H2O, a 51,731 m<sup>2</sup> shopping centre in Madrid, Spain marked the Company's first investment under its revised policy. The property operating expense items are entirely from this investment and relate to items such as unrecoverable service charges and legal fees re new lettings. Property expenses have commenced with the acquisition of H2O on 1 April 2010.

#### **4.5 Other administration costs**

These costs can be analysed as follows:

<b>Other administrative expenses</b>	<b>For the 12 months to 31 March 2011</b>	<b>For the 15 months to 31 March 2010</b>	<b>For the 12 months to 31 December 2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Auditors remuneration for audit services	97	77	32
Accounting and administrative fees	226	283	314
Non-executive directors' fees	126	154	116
Other professional fees	915	892	168
<b>Total</b>	<b>1,364</b>	<b>1,406</b>	<b>630</b>

The Group has no employees.

#### **4.6 Finance income and Finance costs**

Up to March 2010, these amounts mainly reflected bank interest received and foreign exchange movements. Following the change in the Company's investment portfolio, net gains and losses on the financial assets and liabilities held at fair value are also reflected here. Other professional fees

predominantly increased as a result of legal costs being incurred in reference to the Galaxia litigation process (see paragraph 3.3.1 for further details).

#### 4.7 Consolidated balance sheet

Consolidated balance sheet	As at 30 Sep 2011 unaudited	As at 31 March 2011 audited	As at 30 Sep 2010 unaudited	As at 31 March 2010 audited	As at 30 Sep 2009 unaudited	As at 31 Dec 2008 audited
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>						
Investment properties	19,256	18,515	17,912	18,572	15,589	16,134
Indirect property investments held at FV	5,804	6,182	6,341	10,314	0	0
Derivatives held at fair value through P&L	713	956	604	0	0	0
Trade and other receivables	14,284	14,056	13,543	9,237	0	0
<b>Total non current assets</b>	<b>40,057</b>	<b>39,709</b>	<b>38,400</b>	<b>38,123</b>	<b>15,589</b>	<b>16,134</b>
<b>Current assets</b>						
Investments held at FV	6,335	6,317	0	0	0	0
Trade and other receivables	1,935	13,187	11,731	12,387	1,027	2,152
Cash and cash equivalents	24,688	17,947	25,429	28,416	64,394	65,377
<b>Total current assets</b>	<b>32,958</b>	<b>37,451</b>	<b>37,160</b>	<b>40,803</b>	<b>65,421</b>	<b>67,529</b>
<b>Total assets</b>	<b>73,015</b>	<b>77,160</b>	<b>75,560</b>	<b>78,926</b>	<b>81,010</b>	<b>83,663</b>
<b>Current liabilities</b>						
Trade and other payables	(1,634)	(1,733)	(578)	(1,476)	(510)	(1,019)
Bank borrowings	(177)	(52)	(160)	(126)	0	0
Derivatives held at FV	0	(323)	0	0	0	0
<b>Total current liabilities</b>	<b>(1,811)</b>	<b>(2,108)</b>	<b>(738)</b>	<b>(1,602)</b>	<b>(510)</b>	<b>(1,019)</b>
<b>Total assets less current liabilities</b>	<b>71,204</b>	<b>75,052</b>	<b>74,822</b>	<b>77,324</b>	<b>80,500</b>	<b>82,644</b>
<b>Non-current liabilities</b>						
Bank borrowings	(16,349)	(16,625)	(16,389)	(17,041)	(10,080)	(6,411)
Deferred tax	0	0	0	0	0	(143)
<b>Total non-current liabilities</b>	<b>(16,349)</b>	<b>(16,625)</b>	<b>(16,389)</b>	<b>(17,041)</b>	<b>(10,080)</b>	<b>(6,554)</b>
<b>Total liabilities</b>	<b>(18,160)</b>	<b>(18,733)</b>	<b>(17,127)</b>	<b>(18,643)</b>	<b>(10,590)</b>	<b>(7,573)</b>
<b>Net assets</b>	<b>54,855</b>	<b>58,427</b>	<b>58,433</b>	<b>60,283</b>	<b>70,420</b>	<b>76,090</b>
<b>Equity</b>						
Share capital	0	0	0	0	0	0
Special reserve	57,073	60,781	61,304	61,688	69,445	69,445
Warrant reserve	40	40	40	40	40	40
Translation reserve	(26)	420	282	1,200	2	490
Capital reserves	(4,288)	(4,530)	(4,518)	(3,936)	(2,817)	(82)
Revenue reserves	2,056	1,716	1,325	1,291	2,374	3,921

Minority interests	0	0	0	0	1,376	2,276
<b>Total equity</b>	<b>54,855</b>	<b>58,427</b>	<b>58,433</b>	<b>60,283</b>	<b>70,420</b>	<b>76,090</b>
<b>Net asset value pence per share (adjusted)</b>	<b>109.0 p</b>	<b>105.3 p</b>	<b>103.6 p</b>	<b>105.8 p</b>	<b>102.3 p</b>	<b>109.6 p</b>

## 5. Notes to the Balance Sheet

### 5.1 Investment property

The investment properties shown for the period up to 30 September 2009 were the Company's Technova and Technika investments in India, which were held at fair value per paragraph 4.2 above. During the year to 31 March 2010, the Company announced the sale of its Technika investment and re-classified its Galaxia investment to Indirect investment property, per paragraph 4.2 below.

After 31 March 2010, the investment property held was the Group's proportionate share of the investment property H2O held via the H2O joint venture at fair value. The H2O asset has been valued every six months and the fluctuations in reported value are partly a result of the increasing valuation resulting from new and regeared leases and partly due to exchange rate movements over the period.

### 5.2 Indirect investment property

In the period to 31 March 2010, this represented the Company's interest in the Indian Technova and Galaxia projects held at fair value (see paragraph 4.3 above). Previously the investment in IT Infrastructure Park Pvt Limited was treated as a joint venture, so the movement on the investment would be accounted for in paragraph 4.2 above. However, the joint venture agreements were revised during the period to 31 March 2010 and led the Group's investment to be classified as an indirect property investment held at fair value.

On 28 May 2010 the Company signed a Settlement Agreement in relation to its Technova and Galaxia projects. Under the terms of the agreement, Technova was sold for £3.7 million. The other fluctuations reported in the value of indirect investment property has been due to exchange rate movements.

### 5.3 Trade and other receivables (non-current and current)

Following the Group's investment on 31 March 2010 into H2O held via the H2O joint venture, the Group's proportionate share of an acquisition VAT loan facility (original total loan €12.7 million), a mezzanine loan (original total loan €14 million) and the interest accrued are all included here. The Spanish Government repaid the acquisition VAT to the Spanish special purpose vehicle which owns H2O during August 2011. This allowed the Spanish special purpose vehicle to repay the VAT loan facility to the Company during the period to 30 September 2011.

On 9 August 2010, the Company subscribed for £4.75 million of CULS in AUMP. The CULS carry an annual coupon of 4.75 per cent and can be converted at any time up to and including 30 June 2013 into ordinary shares at a conversion price of 310 pence (post share consolidation value). The CULS annual coupon can either be paid in cash at the relevant interest payment dates or can be made as a payment in kind by the issuance of further CULS at each relevant date. The CULS attract an 18 per cent redemption premium if not converted. The fair value of the conversion option within the CULS instrument and the additional options have been valued by reference to an external valuation by J.C. Rathbone (using a binomial model). The option is revalued semi-annually and the Company holds the CULS and accrued interest at fair value as a non-current receivable.

#### 5.4 Bank borrowings (non-current and current)

In the early years, Vipul IT Infrasoftware PVT Limited entered into a development loan facility of INR 660 million relating to Technova, but this was de-recognised on 8 February 2010 and re-classified as part of the indirect property investment.

At 30 September 2011, the bank borrowings represent the Group's proportional interest in the syndicated loan finance provided to the property-owning Spanish special purpose vehicle in the H2O joint venture. The loan is provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekenbank and Landesbank Hessen-Thüringen Girozentrale). The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

The Spanish property owning special purpose vehicle has entered into an interest rate cap under which the floating rate element of the interest charge is capped at 2.85% for the full term on €50 million of the principal borrowing of €75 million.

#### 5.5 Share issues/ buybacks

As of 9 March 2012, the Company has 55,532,813 ordinary shares (including shares held in treasury) with total voting rights of 49,979,532.

#### 5.6 Segment of Cashflow

Segment of Cashflow	For the 6 months to 30 September 2011 Unaudited £'000	For the 12 months to 31 March 2011 Audited £'000	For the 6 months to 30 September 2010 Unaudited £'000	For the 15 months to 31 March 2010 Audited £'000	For the 9 months to 30 September 2009 Unaudited £'000	For the 12 months to 31 December 2008 Audited £'000
Cash flows from operating activities	3,069	(959)	(558)	(4,385)	(247)	1,273
Cash flows from /(used in) investing activities	7,832	(7,515)	(1,144)	(46,295)	(4,848)	(13,140)
Cash flows (used in)/from financing activities	(4,155)	(1,629)	(938)	13,495	4,118	3,138
Net (decrease) / increase in cash and cash equivalents	6,746	(10,103)	(2,640)	(37,185)	(977)	(8,729)
Cash and cash equivalents at beginning of year/period	17,947	28,416	28,416	65,377	65,377	74,104
Exchange translation movement	(5)	(366)	(347)	224	(6)	2
Cash and cash equivalents at end of year/period	24,688	17,947	25,429	28,416	64,394	65,377

#### 6. Notes to the cashflow

## **6.1 Cashflows from/(used in) operating activities**

During the latest three accounting periods above, the Group's cashflow generated from operating activities is predominantly from the Group's proportionate share of the investment property (H2O) held via the H2O joint venture including the Group's 26 per cent share of the recovery of the VAT from the Spanish VAT authorities.

## **6.2 Cashflows from/ (used in) investing activities**

This reflects the continuing investments made by the Company. The £7.8 million cashflow from investing for the six months to 30 September 2011 includes a repayment of £8.3 million from the H2O joint venture for the acquisition VAT loan advanced in March 2010.

## **6.3 Cashflows from/(used in) financing activities**

This section is primarily bank loans received and repayments made, and share buybacks/tender offers with associated costs.

## **7. Risk exposure and management**

In common with similar businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this document.

### **Principal financial instruments**

The principal financial instruments used by the Group from which financial instrument risk arises, are as follows:

- investments held at fair value;
- trade and other receivables;
- cash and cash equivalents;
- trade and other payables;
- bank borrowings; and
- derivative financial instruments.

### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

### **Project monitoring**

Projects are monitored through regular project control meetings held with development partners to discuss progress and monitor risks. The Investment Manager attends these meetings and reports to the Board on a quarterly basis.

### **Credit risk**

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Group policy is to maintain its cash and cash equivalent balances with a number of financial institutions as a



means of diversifying credit risk. The Group monitors the placement of cash balances on an ongoing basis and has policies to limit the amount of credit exposure to any financial institution. With regard to its other investments, the Group receives regular updates from the relevant investment manager as to the performance of the underlying investments and assesses its credit risk as a result.

### **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising these risks such as maintaining sufficient cash and other highly liquid current assets. Cash and cash equivalents are placed with financial institutions on a short term basis reflecting the Group's desire to maintain a high level of liquidity in order to enable timely completion of investment transactions.

### **Market risk**

#### **a) Foreign exchange risk**

The Group operates in India and Spain and is exposed to foreign exchange risk arising from currency exposures with respect to Indian Rupees and Euros. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The Group does not currently hedge its Indian foreign currency exposure and only partially hedges its Euro currency exposure. The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its risk management review.

#### **b) Cash flow and fair value interest rate risk**

The Group's interest rate risk arises from long term borrowings; the Group has interest rate cap relating to the senior debt of the H2O asset. The Group also holds significant cash balances and loan assets which accrue interest based on variable interest rates. The Group's cash flow is periodically monitored by the Board.

#### **c) Price risk**

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450 million and an additional preferred return and profit.

During November and December 2010, the Company invested in income units in FIT. FIT is an open ended unauthorised unit trust which operates a monthly dealing facility to provide investment liquidity. The value of the income units are assessed monthly and are subject to fluctuation.

#### **d) Growth in rental income and defaults**

Income growth may not continue at a consistent rate. Future income is dependent on, amongst other things, the Group negotiating suitable rent levels when compared to associated financing costs.

#### **e) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to

shareholders, issue new shares or sell assets to reduce debt.

## SELECTED HISTORIC FINANCIAL INFORMATION OF THE COMPANY

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>For the 12 months to 31 March 2011 audited</b>	<b>For the 15 months to 31 March 2010 audited</b>	<b>For the 12 months to 31 December 2008 audited</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>			
Revenue	2,686	0	0
Net change in the revaluation of investment property	136	(4,263)	160
Net loss on indirect property investment held at fair value	0	(774)	0
<b>Total income</b>	<b>2,822</b>	<b>(5,037)</b>	<b>160</b>
<b>Expenses</b>			
Property operating expenses	(1,100)	0	0
Investment managers fees	(1,054)	(1,694)	(1,555)
Other administration fees	(1,364)	(1,406)	(630)
<b>Total operating expenses</b>	<b>(3,518)</b>	<b>(3,100)</b>	<b>(2,185)</b>
<b>Operating (loss) / profit</b>	<b>(696)</b>	<b>(8,137)</b>	<b>(2,025)</b>
Finance income	2,049	529	3,898
Finance costs	(1,490)	0	0
<b>(Loss) / profit before taxation</b>	<b>(137)</b>	<b>(7,608)</b>	<b>1,873</b>
Taxation	(31)	78	(187)
<b>(Loss) / profit /after taxation</b>	<b>(168)</b>	<b>(7,530)</b>	<b>1,686</b>
<b>Other comprehensive expenses for the period</b>			
Exchange differences arising on translation of foreign operations	(780)	710	490
<b>Other comprehensive expenses for the period</b>	<b>(780)</b>	<b>710</b>	<b>490</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(948)</b>	<b>(6,820)</b>	<b>2,176</b>
<b>(Loss)/profit attributable to:</b>			
Owners of the parent	(168)	(6,484)	1,572
Minority interest	0	(1,046)	114
	<b>(168)</b>	<b>(7,530)</b>	<b>1,686</b>
<b>Total comprehensive loss/(profit) attributable to:</b>			
Owners of the parent	(948)	(5,774)	2,062
Minority interest	0	(1,046)	114
	<b>(948)</b>	<b>(6,820)</b>	<b>2,176</b>

<b>Earnings per share (basic and diluted)</b>	<b>(0.3) p</b>	<b>(9.8) p</b>	<b>2.1 p</b>
<b>Adjusted earnings per share (basic and diluted)</b>	<b>0.8 p</b>	<b>(4.0) p</b>	<b>2.2 p</b>

<b>CASHFLOW</b>	<b>For the 12 months to 31 March 2011 Audited £'000</b>	<b>For the 15 months to 31 March 2010 Audited £'000</b>	<b>For the 12 months to 31 December 2008 Audited £'000</b>
<b>Cash flows from operating activities</b>	(959)	(4,385)	1,273
<b>Cash flows from /(used in) investing activities</b>	(7,515)	(46,295)	(13,140)
<b>Cash flows (used in)/from financing activities</b>	(1,629)	13,495	3,138
<b>Net (decrease) / increase in cash and cash equivalents</b>	(10,103)	(37,185)	(8,729)
<b>Exchange translation movement</b>	(366)	224	2
<b>Cash and cash equivalents at end of year/period</b>	17,947	28,416	65,377

<b>CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES</b>	<b>For the 12 months to 31 March 2011 Audited £'000</b>	<b>For the 15 months to 31 March 2010 Audited £'000</b>	<b>For the 12 months to 31 December 2008 Audited £'000</b>
<b>Non-current financial assets</b>			
<b>Financial assets at fair value through profit and loss</b>			
Indirect property investment held at fair value	6,182	10,314	-
Derivatives held at fair value	956	-	-
<b>Loans and receivables</b>			
Trade and other receivables	14,056	9,237	-
<b>Total non-current financial assets</b>	<b>21,194</b>	<b>19,551</b>	<b>-</b>
<b>Current financial assets</b>			
<b>Financial assets at fair value through profit and loss</b>			
Investment held at fair value	6,317	-	-

<b>CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES</b>	<b>For the 12 months to 31 March 2011</b>	<b>For the 15 months to 31 March 2010</b>	<b>For the 12 months to 31 December 2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Loans and receivables</b>			
Trade and other receivables	13,187	12,387	2,152
Cash and cash equivalents	17,947	28,416	65,377
<b>Total current financial assets</b>	<b>37,451</b>	<b>40,803</b>	<b>67,529</b>
<b>Total financial assets</b>	<b>58,645</b>	<b>60,354</b>	<b>67,529</b>
<b>Current financial liabilities</b>			
<b>Financial liabilities at fair value through profit and loss</b>			
Trade and other payables	(1,733)	(1,476)	(1,019)
Bank borrowings	(52)	(126)	-
Derivatives held at fair value	(323)	-	-
<b>Total current financial liabilities</b>	<b>(2,108)</b>	<b>(1,602)</b>	<b>(1,019)</b>
<b>Non-current financial liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Bank borrowings	(16,625)	(17,041)	(6,411)
<b>Total non-current financial liabilities</b>	<b>(16,625)</b>	<b>(17,041)</b>	<b>(6,411)</b>
<b>Total financial liabilities</b>	<b>(18,733)</b>	<b>(18,643)</b>	<b>(7,430)</b>

**PART V**  
**FINANCIAL INFORMATION**

Included in this document are the following reports:

1. Independent Review Report on the Unaudited Interim Financial Statements for the Period Ended 30 September 2011
2. Unaudited Interim Financial Statements for Period Ended 30 September 2011
3. Auditor's Report on the Financial Statements for the Year Ended 31 March 2011
4. Financial Statements for the Year Ended 31 March 2011
5. Auditor's Report on the Financial Statements for the Period Ended 31 March 2010
6. Financial Statements for the Period Ended 31 March 2010
7. Independent Review Report on the Unaudited Interim Financial Statements for the Period Ended 30 September 2009
8. Unaudited Interim Financial Statements for Period Ended 30 September 2009
9. Auditors' Report on the Financial Statements for the Year Ended 31 December 2009
10. Financial Statements for the Year Ended 31 December 2008

## **1. INDEPENDENT REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR PERIOD ENDED 30 SEPTEMBER 2011**

**To Alpha Tiger Property Trust Limited from BDO Limited, Chartered Accountants, Place du Pré, Rue du Pré, St Peter Port, Guernsey, 24 November 2011**

We have been engaged by the Company to review the condensed set of financial statements in the Half Year report for the six months ended 30 September 2011 which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidation statement of changes in equity and related notes. We have read the other information contained in the Half Year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The Half Year report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year report in accordance with applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this Half Year report has been prepared in accordance with International Accounting Standard 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 Half Year report based on our review. This report, including the conclusion, has been prepared for, and only for, to assist the company in meeting its responsibilities in respect to interim financial reporting in accordance with applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 for use in the United Kingdom. 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 Year report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

**BDO Limited**

**Chartered Accountants**

Place de Pré, Rue de Pré, St Peter Port, Guernsey

24 November 2011



## 2. UNAUDITED INTERIM FINANCIAL STATEMENTS FOR PERIOD ENDED 30 SEPTEMBER 2011

### Condensed Consolidated Statement of Comprehensive Income

		For the six months ended 30 September 2011 (unaudited)			For the six months ended 30 September 2010 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Revenue	3	1,417	-	1,417	1,239	-	1,239
Net change in the revaluation of investment property	10	-	500	500	-	(78)	(78)
Total income		1,417	500	1,917	1,239	(78)	1,161
<b>Expenses</b>							
Property operating expenses		(617)	-	(617)	(279)	-	(279)
Investment Manager's fee		(510)	-	(510)	(512)	-	(512)
Other administration costs		(688)	-	(688)	(758)	-	(758)
Total operating expenses		(1,815)	-	(1,815)	(1,549)	-	(1,549)
Operating profit/(loss)		(398)	500	102	(310)	(78)	(388)
Finance income	4	1,157	125	1,282	664	64	728
Finance costs	5	(387)	(383)	(770)	(320)	(568)	(888)
Profit/(loss) before taxation		372	242	614	34	(582)	(548)
Taxation	7	(32)	-	(32)	-	-	-
Profit/(loss) after taxation		340	242	582	34	(582)	(548)
<b>Other comprehensive expense for the period</b>							
Exchange differences arising on translation of foreign operations		-	(446)	(446)	-	(918)	(918)
Other comprehensive expense for the period		-	(446)	(446)	-	(918)	(918)
Total comprehensive profit/(loss) for the period		340	(204)	136	34	(1,500)	(1,466)
Earnings per share (basic & diluted)	8			1.1p			(1.0)p
Adjusted earnings per share	8			0.6p			0.1p

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

The accompanying notes on pages 65 to 77 form an integral part of this statement.

		30 September 2011 (unaudited)	31 March 2011 (audited)
	Notes	£'000	£'000
<b>Non-Current assets</b>			
Investment property	10	19,256	18,515
Indirect property investment held at fair value	11	5,804	6,182
Derivatives held at fair value through profit and loss	13	713	956
Trade and other receivables	14	14,284	14,056
		40,057	39,709
<b>Current assets</b>			
Investment held at fair value	12	6,335	6,317
Trade and other receivables	14	1,935	13,187
Cash and cash equivalents		24,688	17,947
		32,958	37,451
<b>Total assets</b>		<b>73,015</b>	<b>77,160</b>
<b>Current Liabilities</b>			
Trade and other payables	15	(1,634)	(1,733)
Bank borrowings	16	(177)	(52)
Derivatives held at fair value	13	-	(323)
<b>Total assets less current liabilities</b>		<b>71,204</b>	<b>75,052</b>
<b>Non-current liabilities</b>			
Bank borrowings	16	(16,349)	(16,625)
		(16,349)	(16,625)
<b>Total liabilities</b>		<b>(18,160)</b>	<b>(18,733)</b>
<b>Net assets</b>		<b>54,855</b>	<b>58,427</b>
<b>Equity</b>			
Share capital	18	-	-
Special reserve		57,073	60,781
Warrant reserve	19	40	40
Translation reserve		(26)	420
Capital reserve		(4,288)	(4,530)
Revenue reserve		2,056	1,716

<b>Total equity</b>		<b>54,855</b>	<b>58,427</b>
<b>Net asset value per share</b>	<b>9</b>	<b>109.0</b>	<b>105.3</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 24 November 2011. They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 65 to 77 form an integral part of this statement.

	<b>For the six months ended 30 September 2011 (unaudited)</b>	<b>For the six months ended 31 March 2011 (audited)</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating activities</b>		
<b>Profit/(loss) for the period before taxation</b>	<b>614</b>	<b>(548)</b>
<b>Adjustments for:</b>		
<b>Net change in revaluation of investment property</b>	<b>(500)</b>	<b>78</b>
<b>Finance income</b>	<b>(1,282)</b>	<b>(728)</b>
<b>Finance cost</b>	<b>770</b>	<b>888</b>
<b>Operating cash flows before movements in working capital</b>	<b>(398)</b>	<b>(310)</b>
<b>Movements in working capital:</b>		
<b>Decrease/(increase) in trade and other receivables</b>	<b>2,536</b>	<b>357</b>
<b>Increase/(decrease) in trade and other payables</b>	<b>(39)</b>	<b>(900)</b>
<b>Cash generated from/(used in) operations</b>	<b>2,099</b>	<b>(853)</b>
<b>Interest received</b>	<b>1,355</b>	<b>574</b>
<b>Interest paid</b>	<b>(385)</b>	<b>(279)</b>
<b>Cash flows generated from/(used in) operating activities</b>	<b>3,069</b>	<b>(558)</b>
<b>Investing activities</b>		
<b>Convertible unsecured loan stock acquired</b>	<b>-</b>	<b>(4,750)</b>
<b>Disposal proceeds for indirect property investments</b>	<b>-</b>	<b>3,684</b>
<b>Capital expenditure on investment property</b>	<b>(440)</b>	<b>(78)</b>
<b>VAT loan repayments</b>	<b>8,272</b>	<b>-</b>
<b>Cash flows (used in)/from investing activities</b>	<b>7,832</b>	<b>(1,144)</b>
<b>Financing activities</b>		
<b>Interest rate cap premium paid</b>	<b>-</b>	<b>(493)</b>
<b>Bank loan repayments</b>	<b>-</b>	<b>(61)</b>
<b>Tender offer/share buyback</b>	<b>(4,146)</b>	<b>(357)</b>
<b>Share buyback costs</b>	<b>(9)</b>	<b>(27)</b>

Cash flows used in financing activities	(4,155)	(938)
Net increase/(decrease) in cash and cash equivalents	6,746	(2,640)
Cash and cash equivalents at beginning of period	17,947	28,416
Exchange translation movement	(5)	(347)
Cash and cash equivalents at end of period	24,688	25,429

The accompanying notes on pages 65 to 77 form an integral part of this statement.

For the six months ended 30 September 2011 (unaudited)	Special reserve	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	60,781	40	420	(4,530)	1,716	58,427
Total comprehensive expense for the period	-	-	(446)	242	340	136
Share buyback costs	(9)	-	-	-	-	(9)
Share buyback	(3,699)	-	-	-	-	(3,699)
At 30 September 2011	57,073	40	(26)	(4,288)	2,056	54,855

For the six months ended 30 September 2010 (unaudited)	Special reserve	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	61,688	40	1,200	(3,936)	1,291	60,283
Total comprehensive expense for the period	-	-	(918)	(582)	34	(1,466)
Share buyback costs	(27)	-	-	-	-	(27)
Share buyback	(357)	-	-	-	-	(357)
At 30 September 2010	61,304	40	282	(4,518)	1,325	58,433

The accompanying notes on pages 65 to 77 form an integral part of this statement.

## 1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. These financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which the investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currency are either Euro or Indian Rupees. The presentational currency of the Group is Sterling. The period end exchange rate used is £1:INR 77.5276 (March 2011: £1:INR 72.7904) and the average rate for the period used is £1:INR 73.4968 (September 2010: £1:INR 70.26). For Euro based transactions the period end exchange rate used is £1:€1.1491 (March 2011: £1:€1.1371) and the average rate for the period used is £1: €1.136 (September 2010: €1.1863).

The address of the registered office is given below. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement above. The Half Year report was approved and authorised for issue on 24 November 2011 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

## 2. Significant accounting policies

### Basis of preparation

The unaudited condensed financial information included in the Half Year report for the six months ended 30 September 2011, have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. This half year report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The same accounting policies and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 March 2011, which are available at the Company's website ([www.alphatigerpropertytrust.com](http://www.alphatigerpropertytrust.com)).

The Directors considered all relevant new standards, amendments and interpretations to existing standards effective for the Half Year report for the six months ended 30 September 2011: their adoption has not led to any changes in the Groups accounting policies and they had no material impact on the financial statements of the Group.

The Half Year condensed financial statements are made up from 1 April 2011 to 30 September 2011, and have been prepared under the historic cost convention as modified by the revaluation of investment properties, indirect property investment, investment held at fair value and mark to market of derivative instruments.

The preparation of the Half Year condensed financial statements requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the condensed interim financial statements. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the interim condensed financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

## 3. Revenue

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
Rental income	1,036	902
Service charges	297	337
Other Income	84	-
<b>Total</b>	<b>1,417</b>	<b>1,239</b>

#### 4. Finance income

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
Bank interest received	78	78
Interest receivable on convertible loan stock (note 13)	323	90
Interest receivable from joint venture loan	623	496
Undistributed investment income in period (note 12)	133	-
Movement in fair value of currency options (note 6)	125	-
Movement in fair value of interest rate cap (note 6)	-	64
<b>Total</b>	<b>1,282</b>	<b>728</b>

#### 5. Finance costs

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
Interest on bank borrowings	387	320
Movement in fair value of the conversion option (note 6)	42	-
Movement in fair value of interest rate cap (note 6)	327	165
Foreign exchange loss	14	403
<b>Total</b>	<b>770</b>	<b>888</b>

#### 6. Net gains and losses on financial assets at fair value through profit or loss

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
Net change in unrealised appreciation/(depreciation) on financial assets at fair value through profit or loss		
Movement in fair value of interest rate cap (note 5)	(327)	(165)
Movement in fair value of currency swaps (note 4)	125	-
Movement in fair value of the conversion options (note 5)	(42)	64
Undistributed investment income in period (note 4)	133	-
<b>Net loss on financial assets at fair value through profit or loss</b>	<b>(111)</b>	<b>(101)</b>

#### 7. Taxation

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
Current tax	32	-

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
Deferred tax	-	-
Tax Expense	32	-

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Company has subsidiary and joint venture operations in Luxembourg, the Netherlands, Spain, Cyprus and India.

Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. Cypriot and Luxembourg unused tax losses can be carried forward indefinitely whereas the Netherlands unused tax losses can be carried forward for 9 years and Spanish for 15 years.

## 8. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended 30 September 2011	For the year ended 31 March 2011	For the six months ended 30 September 2010
Earnings per income statement (£'000)	582	(168)	(548)
Basic and diluted earnings pence per share	1.1p	(0.3)p	(1.0)p
Earnings per income statement (£'000)	582	(168)	(548)
Net change in the revaluation of investment property (gain)/loss	(500)	(136)	78
Movement in fair value of interest rate cap (Mark to Market)	327	(82)	-
Movement in fair value of currency swaps (Mark to market)	(125)	211	165
Movement in fair value of conversion options (Mark to Market)	42	161	(64)
Movement in fair value of the forward currency contract	-	323	-
Foreign exchange loss	14	117	403
Adjusted earnings	340	426	34
Adjusted earnings per share	0.6p	0.8p	0.1p
Weighted average number of ordinary shares (000's)	53,576	56,483	56,717

The adjusted earnings are presented to provide what the Company believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

The 3,750,000 warrants issued to the Investment Manager (note 19) could potentially dilute basic earnings per share in the future. The average share price over the year is lower than the exercise price of the warrants and therefore these are not currently considered dilutive.

The Company has bought back further shares subsequent to the year end (see note 20).

## 9. Net asset value per share

	30 September 2011	31 March 2011	30 September 2010
Net Asset (£'000)	54,855	58,427	58,433
Net asset value per share (p)	109.0	105.3	103.6
Number of ordinary shares (000's)	50,314	55,512	56,412

## 10. Investment property

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
Market value as at 1 April	18,515	18,572
Subsequent capital expenditure after acquisition	440	66
Fair value adjustment in the period/year	500	136
Foreign exchange movements	(199)	(259)
As at 30 September/ 31 March	19,256	18,515
Valuation per CBRE of investment property	19,466	18,642
Adjustment for rental incentive debtor	(210)	(127)
Market value of investment property at 30 September/ 31 March	19,256	18,515

The investment property is the Group's proportionate share of the investment property (H2O) held via the H2O joint venture. The fair value has been arrived at on the basis of valuations carried out at the period/year end date by CBRE Valuation Advisory S.L., independent valuers not connected to the Group. The valuation basis has been market value as defined by the Royal Institute of Chartered Surveyors ("RICS") Approval and Valuation Standards. The approved RICS definition of market value is the "estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion." The property has been pledged as security for the borrowings in note 16.

## 11. Indirect property investment held at fair value

	For the six months ended 30 September 2011	For the six months ended 30 September 2010
	£'000	£'000
As at 1 April	6,182	10,314
Disposals during the period/year	-	(3,501)
Effect of foreign exchange	(378)	(631)
As at 30 September/31 March	5,804	6,182

The Galaxia investment is carried at a fair value of INR 450 million (£5.8 million). The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration



proceedings following breaches by Logix Group. The arbitration seeks an award of INR 450 million plus the agreed minimum investment return and lost profit from the Logix Group promoters. The Directors consider it prudent to continue to value the indirect investment at INR 450 million.

## 12. Investment held at fair value

	For the six months ended 30 September 2011	For the year ended 31 March 2011
	£'000	£'000
As at 1 April	6,317	-
Additions during the period/year	-	6,200
Distributed investment income in period/year	(115)	-
Undistributed investment income in period/year	133	117
As at 30 September/31 March	6,335	6,317

The Group invested in income units of the Freehold Income Trust (“FIT”), a fund offering monthly redemptions, during the prior year. The Group considers that the asset will be held for the shorter term and has therefore disclosed the investment as a current asset. FIT provides monthly valuations of the net asset value of its units. The investment has therefore been valued at the net asset value provided on 20 September 2011, this being the closest valuation to the Group’s balance sheet date.

## 13. Derivatives held at fair value through the profit and loss

	30 September 2011	31 March 2011
	£'000	£'000
<b>Non-current assets</b>		
Convertible unsecured loan stock conversion options	12	54
Interest rate cap	259	587
Currency options	442	315
<b>Total derivatives held as non-current assets</b>	<b>713</b>	<b>956</b>
<b>Current liability</b>		
Foreign currency forward	-	(323)
<b>Total derivatives held as current liability</b>	<b>-</b>	<b>(323)</b>
<b>Total</b>	<b>713</b>	<b>633</b>

On the 9 August 2010, the Company subscribed for £4.75 million of convertible unsecured loan stock (“CULS”) in Alpha UK Multi Property Trust plc (“AUMP”) formally known as Close High Income Properties plc. The CULS carry an annual coupon of 4.75% and can be converted at any time up to and including 30 June 2013 into Ordinary Shares at a Conversion Price of 310 pence (31 March 2011: 310 pence). With effect from 1 July 2011, a share consolidation exchanged each holding of 10 existing ordinary shares of 1 penny each for 1 new ordinary share of 10 pence each. The share consolidation does not impact the value of the CULS. The comparables in this paragraph have been restated. The CULS annual coupon can either be paid in cash at the relevant interest payment dates or can be made as a Payment In Kind (“PIK”) by the issuance of further CULS at each relevant date. The CULS attract an 18% redemption premium if not converted. Additionally, AUMP issued an additional 4 million share options to the Company at an exercise price of 500 pence (31 March 2011: 500 pence) per share. The fair

value of the conversion option within the CULS instrument and the additional options have been valued by reference to an external valuation by J.C. Rathbone (using a binomial model).

On 27 May 2010, Alpha Tiger Spain 1 S.L. (formally Orangeburg S.L.), the entity that owns the H2O shopping centre, entered into interest rate cap arrangements with Eurohypo AG and Landesbank Hessen-Thüringen Girozentrale (Helaba) to provide an interest rate hedge on €50 million of the company's outstanding debt. The cap provides protection against three month Euribor rising above 2.85% through the full course of the loan (expiring 4 October 2017). A premium of €2.2 million was paid on the day of the transaction. The fair value of the cap is accounted by reference to valuations received from the counterparty banks. The Company proportionately consolidates 26% of the results of Alpha Tiger Spain 1 S.L.

During the previous year, Alpha Tiger purchased two fixed rate currency options to hedge €7 million of long term mezzanine loan Euro exposure. The fair value of the options is valued by reference to a year end statement of value provided by J P Morgan. During the previous year, Alpha Tiger entered into a foreign currency forward sale contract to hedge €12.7 million of short term VAT loan exposure. The hedge was settled on 29 September 2011 following repayment of the short term loan.

#### 14. Trade and other receivables

	30 September 2011	31 March 2011
	£'000	£'000
<b>Non-current</b>		
CULS	5,269	4,946
Loan receivable from joint venture	9,015	9,110
<b>Total</b>	<b>14,284</b>	<b>14,056</b>
<b>Current</b>		
Trade Debtors	202	62
VAT	31	2,857
Accrued bank interest	23	63
Other debtors	886	649
Amount Receivable from joint venture	-	8,264
Interest receivable from joint venture	793	1,292
<b>Total</b>	<b>1,935</b>	<b>13,187</b>

The non-current loan receivable from joint venture represents a Mezzanine loan of £12.2 million (31 March 2011: £12.3 million) (€14 million) advanced by the Company to the H2O joint venture; the Group receivable is shown after the proportionate consolidation of the joint venture group.

The current amount receivable from joint venture related to a short term acquisition VAT loan to the H2O joint venture which was repaid in September 2011 following the refund of VAT from the Spanish Tax Authorities. On 31 March 2011 the VAT loan facility was included at £11.2 million (€12.7 million). The VAT loan accrued interest of 2% over the three month Euribor.

The Mezzanine loan is repayable on 4 October 2017 (or earlier if the centre or shareholdings in the Spanish special purpose vehicle are sold) and accrues a fixed interest of 8% and in addition a variable interest of 10% of an adjusted EBITDA of the Spanish special purpose vehicle. The Mezzanine loan is subordinated to the senior bank debt which is secured against the Spanish property.

## 15. Trade and other payables

	30 September 2011	31 March 2011
	£'000	£'000
Trade Creditors	335	219
Investment Manager's fee payable	502	229
Accruals	590	718
Other creditors	144	536
Corporation tax	63	31
<b>Total</b>	<b>1,634</b>	<b>1,733</b>

Trade creditors and accruals primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade and other payables approximate their fair value.

## 16. Bank borrowings

	30 September 2011	31 March 2011
	£'000	£'000
Current liabilities: interest payable	54	52
Current liabilities: repayments	123	-
Non-current liabilities: bank borrowings	16,349	16,625
<b>Total liabilities</b>	<b>16,526</b>	<b>16,677</b>
The borrowings are repayable as follows:		
Interest payable	54	52
On demand or within one year	123	-
In the second to fifth years inclusive	492	497
After five years	15,857	16,128
<b>Total</b>	<b>16,526</b>	<b>16,677</b>

Movements in the Group's non-current bank borrowings are analysed as follows:

	For the six months ended 30 September 2011	For the year ended 31 March 2011
	£'000	£'000
As at 1 April	16,625	17,167
Repayment of loan	-	(240)
Amortisation of deferred finance costs	22	43
Exchange differences on translation of foreign currencies	(298)	(345)
<b>As at 30 September/31 March</b>	<b>16,349</b>	<b>16,625</b>

The bank borrowings represent the Group's proportional interest in the syndicated loan finance provided to the property owning the Spanish special purpose vehicle in the H2O joint venture. The loan is provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekenbank and Landesbank Hessen-

Thuringen Girozentrale). The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation as reflected in the repayment table above; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

The Spanish property owning special purpose vehicle has entered into an interest rate cap under which the floating rate element of the interest charge is capped at 2.85% for the full term on €50 million of the principal borrowing of €75 million.

## 17. Investment in joint ventures

The H2O joint venture, the holding structure for the H2O investment interest, has been proportionally consolidated. The following amounts have been recognised in the condensed consolidated balance sheet and condensed consolidated statement of comprehensive income in respect of this joint venture:

	30 September 2011	31 March 2011
	£'000	£'000
<b>Income</b>	<b>1,063</b>	<b>2,687</b>
<b>Net change in the revaluation of investment property</b>	<b>500</b>	<b>136</b>
<b>Expenses</b>	<b>(1,123)</b>	<b>(2,010)</b>
<b>Net Result</b>	<b>440</b>	<b>813</b>
<b>Non-current assets</b>	<b>28,530</b>	<b>28,212</b>
<b>Current assets</b>	<b>1,999</b>	<b>13,554</b>
<b>Current liabilities</b>	<b>(900)</b>	<b>(668)</b>
<b>Non-current liabilities</b>	<b>(16,526)</b>	<b>(16,677)</b>
<b>Net assets</b>	<b>13,103</b>	<b>24,421</b>

Within the Spanish special purpose vehicle that owns the H2O investment property there is a bank account in which an amount of £2.6 million (€ million) (31 March 2011: £4.4 million (€ million)) has been ring-fenced for future capital expenditure on the shopping centre. The Group's share of this account of £0.7 million (31 March 2011: £1.1 million) is included in current assets above.

## 18. Share capital

			Number of shares
<b>Authorised</b>			
<b>Ordinary shares of no par value</b>			<b>Unlimited</b>
<b>Issued share capital</b>	<b>Treasury</b>	<b>External</b>	<b>Total</b>
<b>At 1 April 2011</b>	<b>6,168,032</b>	<b>55,512,294</b>	<b>61,680,326</b>
<b>Shares cancelled following completion of tender offer</b>	<b>(577,567)</b>	<b>-</b>	<b>(577,567)</b>
<b>Shares bought back via tender offer</b>	<b>-</b>	<b>(5,198,109)</b>	<b>(5,198,109)</b>
<b>At 31 September 2010</b>	<b>5,590,465</b>	<b>50,314,185</b>	<b>55,904,650</b>

The Company has one class of ordinary share which carries no right to fixed income.

The Company has the right to reissue or cancel the remaining treasury shares at a later date.

As previously announced, following the Extraordinary General Meeting on 17 March 2011, the Company's shareholders approved a general authority allowing the Company to buy back up to 24.99% of its shares.

On 11 April 2011, the Company announced that, in accordance with its buyback authority, it had entered into irrevocable and non-discretionary arrangements with Panmure Gordon to repurchase within pre-set parameters shares in the Company commencing 11 April 2011 and ending 10 June 2011. Under this arrangement, 5,198,109 shares have been repurchased and cancelled at an average price of 71 pence per share (excluding fees) and the total voting rights figure is now 50,314,185 (excluding treasury shares).

On 30 September 2011, the Company announced that, in accordance with its buyback authority, it had entered into irrevocable and non-discretionary arrangements with Panmure Gordon to repurchase within pre-set parameters shares in the Company commencing 30 September 2011 and ending 25 November 2011, see note 20.

## **19. Share based payments**

### **a) Warrants**

The Company has issued warrants in a prior period to the Investment Manager pursuant to which it has been granted the right to subscribe for 3,750,000 ordinary shares in the Company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 21 December 2011. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. At 30 September 2011 no warrants had been exercised leaving 3,750,000 warrants outstanding and available for exercise.

The weighted average exercise price of outstanding warrants at 30 September 2011 was £1.00 (31 March 2011: £1.00), with a weighted average remaining contractual life of 0.25 years (31 March 2011: 0.75 years).

### **b) Share based payments**

The Group has not recognised any share based payment for the period ended 30 September 2011 (31 March 2011: £nil).

## **20. Events after the balance sheet date**

Subsequent to the period end, the Group has made the following share buy backs:

As announced, during October and November 2011, in a series of transactions, the Company purchased 279,653 ordinary shares of no par value ("Ordinary Shares") at an average price (before expenses) of 76.0 pence per share. The purchased Ordinary Shares have been cancelled together with 31,073 shares currently held in treasury which were also cancelled following the purchase to ensure that the Company holds no more than 10% of its share capital in treasury pursuant to Guernsey law requirements.

Following the above share buybacks, the Ordinary Share capital of the Company is 55,587,813 (including shares held in treasury). The Company holds a total of 5,559,392 shares in treasury. The total voting rights in Alpha Tiger following the purchase and cancellation of the Ordinary Shares is 50,028,421.

Alpha Tiger's investment in Phase 1000 of Cambourne Business Park, UK, completed after the balance sheet date. For further details please refer to the 'Investment Review'.

As previously announced, Alpha Tiger has agreed to invest in a three year Convertible Loan in Aberdeen UK Active Property Fund plc (to be renamed as Alpha UK Real Estate Fund plc). Further details are available in the 'Investment Review'.

## **21. 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. ARC is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2% of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20% of any excess over an annualised TSR of 15% subject to a rolling 3 year high water mark (see paragraph 21 of the 2011 Interim Accounts).

ARC, via its 100% subsidiary Alpha Global Property Securities PTE Limited, has co-invested in the H2O joint venture subject to the terms of the Shareholder Agreements and Call Option arrangements as disclosed in 31 March 2011 financial statements, the terms of which are unchanged.

The Investment Manager has a management agreement directly with the H2O property company, Alpha Tiger Spain 1 SLU under which it earns a fee of 0.9% per annum based upon the gross assets of Alpha Tiger Spain 1 SLU. In order to avoid double counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Company's net asset value attributable to the H2O investment.

The Company is invested in AUMP where ARC is the Property Investment Advisor. Phillip Rose is a Director on the Board of AUMP. ARC rebates fees earned in relation to the Company's investment in AUMP.

The Company is invested in FIT where ARPIA, a subsidiary of ARC, is the Trust Manager. ARC rebates fees earned in relation to the Company's investment in FIT.

Following the agreed transaction with Aberdeen UK Active Property Fund plc (to be renamed as Alpha UK Real Estate Fund plc), ARC has been appointed Investment Manager and earns a management fee of 1.25% per annum of AURE's gross asset value. ARC will rebate to Alpha Tiger its net management fee relating to Alpha Tiger's investment in the Convertible Loan. Further, following completion, Phillip Rose and Brad Bauman were appointed to the board of AURE.

Following the completion of Alpha Tiger's investment in Phase 1000, Cambourne Business Park, Cambridge, ARC was appointed as asset and property manager of the joint venture entity. ARC will rebate to Alpha Tiger the relevant proportion of fees earned by ARC which apply to the Company's investment.

Details of the Investment Manager's fees for the current period are disclosed on the face of the condensed statement of comprehensive income and the balance payable at 30 September 2011 is provided in note 15.

The Investment Manager has also been issued warrants over the Company's ordinary share capital, further details of which are provided in note 19.

The Directors of the Company received total fees as follows:

	<b>For the six months ended 30 September 2011 £</b>	<b>For the year 31 March 2011 £</b>
<b>David Jeffreys</b>	<b>15,000</b>	<b>37,839</b>
<b>Phillip Rose</b>	<b>10,000</b>	<b>20,000</b>
<b>Serena Tremlett</b>	<b>15,000</b>	<b>28,000</b>
<b>Jeff Chowdhry</b>	<b>10,000</b>	<b>20,000</b>
<b>Roddy Sage</b>	<b>10,000</b>	<b>20,000</b>

The Directors interests in the shares of the Company are detailed below:

	<b>31 September 2011 Number of ordinary shares held</b>	<b>31 March 2011 Number of ordinary shares held</b>
<b>David Jeffreys</b>	<b>10,000</b>	<b>10,000</b>
<b>Phillip Rose</b>	<b>139,695</b>	<b>139,695</b>
<b>Serena Tremlett</b>	<b>15,000</b>	<b>15,000</b>
<b>Jeff Chowdhry</b>	<b>40,000</b>	<b>40,000</b>
<b>Roddy Sage</b>	<b>-</b>	<b>-</b>

ARC held 22,175,000 shares in the Company at 30 September 2011 (31 March 2011: 22,175,000). The following, being partners of the Investment Manager, also hold direct interests in the following shares of the Company at 30 September 2011:

	<b>30 September 2011 Number of ordinary shares held</b>	<b>31 March 2011 Number of ordinary shares held</b>
<b>IPGL Property Funds Limited*</b>	<b>3,010,100</b>	<b>3,010,100</b>
<b>Phillip Rose</b>	<b>139,695</b>	<b>139,695</b>
<b>Brad Bauman</b>	<b>55,006</b>	<b>55,006</b>
<b>Ronald Armist</b>	<b>500</b>	<b>500</b>

\*IPGL Property Funds Limited's interest includes 3,000,000 (31 March 2011: 3,000,000) owned by a fellow group company, IPGL.

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited, the Company's administrator and secretary. During the period the Company paid Morgan Sharpe Administration Limited fees of £36,000 (31 March 2011: £48,000).



### **3. AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

#### **To the members of Alpha Tiger Property Trust Limited**

We have audited the consolidated financial statements of Alpha Tiger Property Trust Limited for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditor**

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial

and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and

- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**BDO Limited**

**Chartered Accountants**

Place de Pré, Rue de Pré, St Peter Port, Guernsey

9 June 2011

#### 4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Consolidated Statement of Comprehensive Income							
For the year ended 31 March 2011					For the 15 Months ended 31 March 2010		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>							
Revenue	3	2,686	-	2,686	-	-	-
Net change in the revaluation of investment property	16	-	136	136	-	(4,263)	(4,263)
Net loss on indirect property investments held at fair value	17	-	-	-	-	(774)	(774)
<b>Total income</b>		<b>2,686</b>	<b>136</b>	<b>2,822</b>	<b>-</b>	<b>(5,037)</b>	<b>(5,037)</b>
<b>Expenses</b>							
Property operating expenses		(1,100)	-	(1,100)	-	-	-
Investment Manager's fee	28	(1,054)	-	(1,054)	(1,694)	-	(1,694)
Other administration costs	9	(1,364)	-	(1,364)	(1,406)	-	(1,406)
<b>Total operating expenses</b>		<b>(3,518)</b>	<b>-</b>	<b>(3,518)</b>	<b>(3,100)</b>	<b>-</b>	<b>(3,100)</b>
<b>Operating (loss)/profit</b>		<b>(832)</b>	<b>136</b>	<b>(696)</b>	<b>(3,100)</b>	<b>(5,037)</b>	<b>(8,137)</b>
Finance income	4	1,967	82	2,049	529	-	529
Finance costs	5	(678)	(812)	(1,490)	-	-	-
<b>(Loss)/profit before taxation</b>		<b>457</b>	<b>(594)</b>	<b>(137)</b>	<b>(2,571)</b>	<b>(5,037)</b>	<b>(7,608)</b>
Taxation	10	(31)	-	(31)	(59)	137	78
<b>(Loss)/profit for the year/period</b>		<b>426</b>	<b>(594)</b>	<b>(168)</b>	<b>(2,630)</b>	<b>(4,900)</b>	<b>(7,530)</b>
<b>Other comprehensive expenses for the year/period</b>							
Exchange differences arising on translation of foreign operations		-	(780)	(780)	-	710	710
<b>Other comprehensive expenses for the year/period</b>		<b>-</b>	<b>(780)</b>	<b>(780)</b>	<b>-</b>	<b>710</b>	<b>710</b>
Total comprehensive (loss)/income for the year/period		426	(1,374)	(948)	(2,630)	(4,190)	(6,820)
<b>(Loss)/profit attributable to:</b>							
Owners of the parent		426	(594)	(168)	(2,630)	(3,854)	(6,484)
Minority interest		-	-	-	-	(1,046)	(1,046)
		426	(594)	(168)	(2,630)	(4,900)	(7,530)
<b>Total comprehensive (loss)/income attributable to:</b>							
Owners of the parent		426	(1,374)	(948)	(2,630)	(3,144)	(5,774)
Minority interests		-	-	-	-	(1,046)	(1,046)
		426	(1,374)	(948)	(2,630)	(4,190)	(6,820)
<b>Earnings per share (basic &amp; diluted)</b>	<b>12</b>			<b>(0.3)p</b>			<b>(9.8)p</b>
<b>Adjusted earnings per share (basic &amp; diluted)</b>	<b>12</b>			<b>0.8p</b>			<b>(4.0)p</b>

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

<b>CONSOLIDATED BALANCE SHEET</b>			
		<b>31 March 2011</b>	<b>31 March 2010</b>
	Notes	£'000	£'000
<b>Non-current assets</b>			
Investment property	16	18,515	18,572
Indirect property investment held at fair value	17	6,182	10,314
Derivatives held at fair value through profit and loss	20	956	-
Trade and other receivables	21	14,056	9,237
		39,709	38,123
<b>Current assets</b>			
Investment held at fair value	18	6,317	-
Trade and other receivables	21	13,187	12,387
Cash and cash equivalents		17,947	28,416
		37,451	40,803
<b>Total assets</b>		<b>77,160</b>	<b>78,926</b>
<b>Current liabilities</b>			
Trade and other payables	22	(1,733)	(1,476)
Bank borrowings	23	(52)	(126)
Derivatives held at fair value	20	(323)	-
<b>Total assets less current liabilities</b>		<b>75,052</b>	<b>77,324</b>
<b>Non-current liabilities</b>			
Bank borrowings	23	(16,625)	(17,041)
		(16,625)	(17,041)
<b>Total liabilities</b>		<b>(18,733)</b>	<b>(18,643)</b>
<b>Net assets</b>		<b>58,427</b>	<b>60,283</b>
<b>Equity</b>			
Share capital	24	-	-
Special reserve	25	60,781	61,688
Warrant reserve	25	40	40
Translation reserve	25	420	1,200
Capital reserve	25	(4,530)	(3,936)
Revenue reserve	25	1,716	1,291
<b>Total equity</b>		<b>58,427</b>	<b>60,283</b>
<b>Net asset value per share</b>	<b>13</b>	<b>105.3</b>	<b>105.8</b>

The Financial Statements were approved by the Board of Directors and authorized for issue on 9 June 2011. They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 83 to 119 form an integral part of this statement.

<b>CONSOLIDATED CASH FLOW STATEMENT</b>		
	<b>For the year ended 31 March 2011 £'000</b>	<b>For the 15 Months ended 31 March 2010 £'000</b>
<b>Operating activities</b>		
(Loss)/profit for the year/period after taxation	(168)	(7,530)

<b>CONSOLIDATED CASH FLOW STATEMENT</b>		
	<b>For the year ended 31 March 2011 £'000</b>	<b>For the 15 Months ended 31 March 2010 £'000</b>
Adjustments for:		
Net change in revaluation of investment property	(136)	4,263
Revaluation movement of indirect property investments held at fair value	-	774
Taxation	31	(78)
Finance income	(2,049)	(529)
Finance cost	1,490	-
<b>Operating cash flows before movements in working capital</b>	<b>(832)</b>	<b>(3,100)</b>
Movements in working capital:		
Decrease/(Increase) in trade and other receivables	677	(1,442)
Decrease in trade and other payables	(266)	(284)
<b>Cash used in operations</b>	<b>(421)</b>	<b>(4,826)</b>
Interest received	88	500
Interest paid	(626)	-
Taxation	-	(59)
<b>Cash flows used in/from operating activities</b>	<b>(959)</b>	<b>(4,385)</b>
<b>Investing activities</b>		
Convertible unsecured loan stock acquired	(4,750)	-
Acquisition of investments	(6,200)	-
Disposal proceeds from indirect property investment sale	3,501	-
Cash derecognised on loss of control of subsidiary	-	(295)
Acquisition of investment property	-	(18,962)
Disposal of investment property	-	907
Capital expenditure on investment property	(66)	(3,908)
Indirect property investment	-	(6,411)
Mezzanine and VAT loan advanced	-	(17,626)
<b>Cash flows from investing activities</b>	<b>(7,515)</b>	<b>(46,295)</b>
<b>Financing activities</b>		
Interest rate cap premium paid	(486)	-
Bank loan repayments	(240)	-
Currency option premium paid	(520)	-
Tender offer/share buyback	(357)	(7,587)
Share buyback costs	(26)	(170)
Bank loans received	-	21,252
<b>Cash flows from financing activities</b>	<b>(1,629)</b>	<b>13,495</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,103)</b>	<b>(37,185)</b>
<b>Cash and cash equivalents at beginning of year/period</b>	<b>28,416</b>	<b>65,377</b>
<b>Exchange translation movement</b>	<b>(366)</b>	<b>224</b>
<b>Cash and cash equivalents at end of year/period</b>	<b>17,947</b>	<b>28,416</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>								
For the 15 months ended 31 March 2010	<b>Special reserve</b>	<b>Warrant reserve</b>	<b>Translation reserve</b>	<b>Capital reserve</b>	<b>Revenue reserve</b>	<b>Equity attributable to equity holders of the parent</b>	<b>Minority interests</b>	<b>Total equity</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2009</b>	<b>69,445</b>	<b>40</b>	<b>490</b>	<b>(82)</b>	<b>3,921</b>	<b>73,814</b>	<b>2,276</b>	<b>76,090</b>
Total Comprehensive loss for the period	-	-	710	(3,854)	(2,630)	(5,774)	(1,046)	(6,820)
De-recognition of Minority Interest on loss of control of subsidiary	-	-	-	-	-	-	(1,230)	(1,230)
Share buyback costs	(170)	-	-	-	-	(170)	-	(170)
Share buyback	(7,587)	-	-	-	-	(7,587)	-	(7,587)
<b>At 31 March 2010</b>	<b>61,688</b>	<b>40</b>	<b>1,200</b>	<b>(3,936)</b>	<b>1,291</b>	<b>60,283</b>	<b>-</b>	<b>60,283</b>
Notes 24, 25								

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>								
For the year ended 31 March 2011	<b>Special reserve</b>	<b>Warrant reserve</b>	<b>Translation reserve</b>	<b>Capital reserve</b>	<b>Revenue reserve</b>	<b>Equity attributable to equity holders of the parent</b>	<b>Minority interests</b>	<b>Total equity</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2010</b>	<b>61,688</b>	<b>40</b>	<b>1,200</b>	<b>(3,936)</b>	<b>1,291</b>	<b>60,283</b>	<b>-</b>	<b>60,283</b>
Total comprehensive loss for the year	-	-	(780)	(594)	426	(948)	-	(948)
Share buyback costs	(27)	-	-	-	-	(27)	-	(27)
Share buyback	(880)	-	-	-	-	(880)	-	(880)
<b>At 31 March 2011</b>	<b>60,781</b>	<b>40</b>	<b>420</b>	<b>(4,530)</b>	<b>1,716</b>	<b>58,427</b>	<b>-</b>	<b>58,427</b>

## Notes to the financial Statements for the period ended 31 March 2011

### 1. General Information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given on page 50<sup>1</sup>. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 3 to 6<sup>2</sup>. The financial statements were approved and authorised for issue on 9 June 2011 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

<sup>1</sup> Please note that this was a reference in these accounts. See page 18 for details of the Company's registered office.

<sup>2</sup> Please note that this was a reference in the accounts. This chairman's statement is not included in these accounts but please see the summary of the investments held by the Company at Part II.

## **2. (a) Significant Accounting Policies**

A summary of the principal accounting policies is set out below. The policies have been consistently applied for all periods presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements are disclosed in this note.

### **Basis of preparation**

These financial statements have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”), and International Accounting Standards and Standards Interpretations Committee’s interpretations approved by the International Accounting Standards Committee (“IASC”) that remain in effect, and to the extent that they have been adopted by the European Union.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss and investment properties in accordance with International Financial Reporting Standards.

### **(a) Adoption of new and revised Standards**

A number of standards and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These were:

#### **Revised and amended Standards**

IFRS 2: Share-based Payment – Amendments relating to group cash-settled share-based payment transactions - for accounting periods commencing on or after 1 January 2010

IFRS 2: Share-based Payment – Amendments resulting from April 2009 Annual Improvements - for accounting periods commencing on or after 1 January 2010

IFRS 3: Business Combinations – Comprehensive revision on applying the acquisition method - for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IFRS 8: Operating Segments – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 1: Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 7: Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 17: Leases – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 27: Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 28: Investments in Associates – Consequential amendments arising from amendments to IFRS 3 - for accounting periods commencing on or after 1 July 2009

IAS 31: Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 - for accounting periods commencing on or after 1 July 2009

IAS 32: Financial Instruments: Presentation – Amendments relating to classification of rights issues - for accounting periods commencing on or after 1 January 2010

IAS 36: Impairment of Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 38: Intangible Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items - for accounting periods commencing on or after 1 July 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

### **Interpretations**

IFRIC 17: Distributions of non cash assets – for accounting periods commencing on or after 1 July 2009

IFRIC 18: Transfers of assets from customers – for accounting periods commencing on or after 1 July 2009

The adoption of these standards and interpretations has not led to any changes in the Groups accounting policies.

### **(b) Standards and Interpretations in issue and not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:—



IFRS 9: Financial Instruments – Classification and Measurement - for accounting periods commencing on or after 1 January 2013\*

IFRS 10: Consolidated Financial Statements – includes the concept of ‘de facto’ control and replaces the consolidation guidance in IAS 27:

Consolidated and Separate Financial Statements and SIC 12: Consolidation – Special Purpose Entities - for accounting periods commencing on or after 1 January 2013\*

IFRS 11: Joint Arrangements – includes the concepts of joint operations (resulting in consolidation of entity’s share of assets and liabilities) and joint ventures (resulting in equity method of accounting); the new standard replaces IAS 31: Interest in Joint Ventures - for accounting periods commencing on or after 1 January 2013\*

IFRS 12: Disclosure of Interests in Other Entities – requires enhanced disclosures for related parties (consolidated and unconsolidated entities) - for accounting periods commencing on or after 1 January 2013\*

### **Revised and amended Standards**

IFRS 3: Business combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2010

IFRS 7: Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2011

IFRS 7: Financial Instruments: Disclosures – Amendments enhancing Disclosures about transfers of financial assets - for accounting periods commencing on or after 1 July 2011\*

IAS 1: Presentation of Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2011

IAS 12: Income taxes – Limited scope amendment (recovery of underlying assets) - for accounting periods commencing on or after 1 January 2012\*

IAS 24: Related Party Disclosures — Revised definition of related parties - for accounting periods commencing on or after 1 January 2011

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2010

IAS 34: Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2011

IAS 27: Separate Financial Statements – the requirements for separate financial statements remain unchanged - for accounting periods commencing on or after 1 January 2013

IAS 28: Investments in Associates and Joint Ventures – incorporates changes required due to IFRS 10, 11 and 12 - for accounting periods commencing on or after 1 January 2013

### **Interpretations**

IFRIC 14 IAS 19 – November 2009 amendment with respect to voluntary prepaid contributions is effective for annual periods beginning on or after 1 January 2011

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – for accounting periods commencing on or after 1 July 2010

\*Still to be endorsed by the EU

The Directors anticipate that, with the exception of IFRS 9, IFRS 10 and IFRS 11, the adoption of these standards and interpretations in future years will not have a material impact on the financial statements of the Group.

In November 2009, the IASB issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset and subsequently measures the financial assets as either at amortised cost or fair value.

In October 2010, the IASB issued the second part of IFRS 9 incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for de-recognition of financial assets and financial liabilities. The standard addressed the issue of volatility in the income statement whereby an entity would choose to measure its own debt at fair value. The standard requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the income statement, rather than within the profit and loss. The standard maintained the requirement to measure other liabilities at amortised cost. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

In May 2011, the IASB issued IFRS 10 which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is effective for accounting periods beginning on or after 1 January 2013 but earlier application is permitted.

In May 2011 the IASB issued IFRS 11 Joint Arrangements which provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to

account for interests in jointly controlled entities. The new standard is effective for accounting periods beginning on or after 1 January 2013.

The principal accounting policies adopted are set out below.

## **Basis of consolidation**

### **(a) Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the company, made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisitions or up to the effective date of disposal as appropriate.

When necessary, adjustments are made to the financial statements of subsidiary undertakings to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### **(b) Joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accruals basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to or from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishments of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

When a Group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

## **Presentation of Statement of Comprehensive Income**

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies (“AIC”), supplementary information, which analyses the statement of comprehensive income between items of a revenue and capital nature, has been presented alongside the statement of comprehensive income.

## **Revenue Recognition**

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore also recognised on the same straight line basis. Rental revenues are accounted for on an accruals basis. Therefore, deferred revenue generally represents advance payments from tenants. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Upon early termination of a lease by the lessee, the receipt of a surrender premium, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately recognised as revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

## **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## **Foreign Currencies**

### **(a) Functional and presentational currency**

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Sterling, which is the Company’s functional and presentational currency.

### **(b) Transactions and balances**

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

**(c) Group companies**

The results and financial position of all the Group entities that have a functional currency which differs from the presentational currency are translated into the presentational currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at the average exchange rate prevailing in the period; and;
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

For Euro based balances the year end exchange rate used is £1:€1. 137 (March 2010: £1:€1. 120) and the average rate for the year used is £1: €1. 176. The year-end exchange rate used for Indian Rupee (INR) balances is £1:INR 72. 79 (March 2010: £1:INR 67. 87) and the average rate for the period used is £1:INR 71. 41 (March 2010: £1:INR 75. 49).

**Operating Loss**

The Group's operating loss includes net gains or losses on revaluation of investment properties, as reduced by administrative expenses and property operating costs and excludes finance costs and income.

**Expenses**

All expenses are accounted for on an accruals basis and include fees and other expenses paid to the Administrators, the Investment Manager and the Directors. In respect of the analysis between revenue and capital items, presented within the statement of comprehensive income, all expenses have been presented as revenue items except expenses which are incidental to the acquisition of an investment property which are included within the cost of that investment property.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowing acquired for a targeted property, or with regard to an acquisition financed out of general borrowings to the average rate. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

## **Taxation**

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the State of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Group has subsidiary operations in Cyprus and India. The Group also holds a joint venture investment in Spain, owned through investments in Luxembourg and the Netherlands; the Group is liable to taxation in these jurisdictions.

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

## **Dividends**

Dividends are recognised as a liability in the Group's financial statements in the period in which they become obligations of the Group.

## **Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost being the fair value of consideration given including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on half yearly professional valuations made by CBRE Valuation Advisory S. L. The valuations are in accordance with standards complying with the Royal Institution of Chartered Surveyors Approval and Valuation manual and the International Valuation Standards Committee.

Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise. Properties are treated as acquired when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer.

All costs directly associated with the purchase and construction of a property, and all subsequent expenditures qualifying as acquisition costs are capitalised.

### **Segmental Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

The Investment Policy means the Group may invest in real estate opportunities unconstrained by geography, but with a particular focus on the UK, Europe and Asia. At present, for management purposes, the Group is organised into one main operating segment being Europe. The financial results for this segment are shown in note 15.

All of the Group's revenue is from entities that are incorporated in Europe.

With the exception of the Galaxia investment (note 17), all of the Group's non-current assets are located in Europe.

### **Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

#### **(a) Financial assets**

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions. The Group has not classified any of its financial assets as held to maturity or as available for sale.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

##### **(i) Investments held at fair value through profit or loss**

Investments are classified as "fair value through profit or loss" and are initially recognised at cost, being the fair value of the consideration given.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's investment strategy. The Group's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

## **Recognition**

Purchases and sales of investments are recognised on the transaction date, the date on which the Group commits to purchase or sell the investment.

## **Measurement**

Financial assets at fair value through profit or loss are initially recognised at fair value with transaction costs being expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

### **(ii) Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through rental leases with tenants (e.g. trade receivables and cash and cash equivalents), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in the statement of comprehensive income.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

### **(iii) Derivatives at fair value through profit or loss**

This category comprises only 'in the money' financial derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income. Other than these derivative financial instruments, the Group does not have any assets held for trading nor has it designated any other financial assets as being at fair value through profit or loss.

The fair value of the Group's derivatives is based on valuations as described in note 19.



**(iv) Derecognition of financial assets**

A financial asset (in whole or in part) is derecognised either:

- when the group has transferred substantially all the risks and rewards of ownership; or
- when it has transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

**(b) Financial liabilities**

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was issued and its characteristics. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

**(i) Derivatives at fair value through profit or loss**

This category comprises only 'out-of-the-money' financial derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income. Other than derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any other financial liabilities as being at fair value through profit or loss.

The fair value of the Group's derivatives is based on the valuations as described in note 19.

**(ii) Financial liabilities measured at amortised cost**

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

**(iii) Derecognition of financial liabilities**

A financial liability (in whole or in part) is derecognised when the Company or Group has extinguished its contractual obligations, it expires or is cancelled.

Any gain or loss on derecognition is taken to the statement of comprehensive income.

**(c) Fair value measurement hierarchy**

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

**(d) Share capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 21 the Group considers all its share capital, share premium and all other reserves as equity. The Company is not subject to any externally imposed capital requirements.

**(e) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

A summary of the principal accounting policies are set out below, all of which have been applied consistently for all periods presented unless otherwise stated.

**2. (b) Significant Accounting Estimates and Judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Investment property**

The gross property value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction without deduction for any associated transfer taxes, sales taxes, or other costs normally borne by the seller. Transaction costs normally borne by the seller are not deducted in arriving at gross property value, in accordance with IAS 40. The fair value is calculated by deducting the costs normally borne by the purchaser from the gross property value. Fair value is not intended to represent the liquidation value of the property, which would be dependent upon the price negotiated at the time of sale less any associated selling costs. The fair value is largely based on estimates using property appraisal techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

The Group's valuers derive the fair value by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IAS 40. This approach is based on discounting the future net income receivable from the property to arrive at the net present value of that future income stream. Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to vacant units. The consideration basis for this calculation excludes the effects of any taxes. The discount factors used to calculate fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets.

The fair value of the investment property as at 31 March 2011 was £18.6 million (2010: £18.6 million). Refer to note 16 for further details.

**(b) Estimate of fair value of indirect property investment - Galaxia**

The property interest in Galaxia is classified as an indirect property investment held at fair value through profit and loss and has been included within the financial statements based on the expected realisable value to the Group. The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration proceedings following breaches by Logix Group. The arbitration seeks INR450m plus the agreed minimum investment return and lost profit against the Logix Group promoters. The Directors consider it prudent to continue to value the indirect investment at INR450m.

**(c) Fair value of derivative contracts**

**(i) Interest rate cap**

The Group estimates fair value of the interest rate cap based on valuation techniques employed by the contractual counter parties. These techniques are significantly affected by the assumptions used, including discount rates and future cash flows. The fair value of the interest rate cap as at 31 March 2011 was £587,000 as shown in note 20.

(ii) **Fair value of the conversion option (CULS)**

The fair value of the conversion option and other share options received is estimated by using the binomial option pricing model on the date of grant based on certain assumptions. Those assumptions include among others, the expected volatility and expected life of the options. Further details are given in note 20.

(iii) **Fair value of foreign currency forward**

The Group estimates fair value of the forward currency contract by reference to the difference between the contracted rate as per the contract with the contractual counter party and the relevant forward exchange rate at the balance sheet date.

(iv) **Fair value of foreign currency options**

The Group estimates fair value of the foreign currency options based on valuation techniques employed by the contractual counter parties.

(d) **Income and deferred taxation**

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

**3. Revenue**

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
<b>Rental income</b>	<b>2,094</b>	-
<b>Service Charges</b>	<b>580</b>	-
<b>Other income</b>	<b>12</b>	-
<b>Total</b>	<b>2,686</b>	-

The Group's H2O Shopping Centre, acquired on 31 March 2010 via a joint venture, is leased on standard institutional Spanish retail operating leases with a minimum guaranteed monthly rent and the possibility for the landlord to capture additional income if the tenants' turnover exceeds certain pre-set levels on most leases. The leases are typically for a minimum guaranteed term of 5 years from the opening of the centre in mid-2007 with 5 year renewal options thereafter, e.g. 5+5+5, and generally a 10 to 15 year term.

At the balance sheet date the Group, via its 26% effective interest in the joint venture entity had contracted with tenants at the H2O Centre for the following future minimum lease payments:

	31 March 2011 £'000	31 March 2010 £'000
Within one year	2,022	2,134
In the second to fifth years inclusive	1,393	2,722
After five years	840	482
Total	4,255	5,338

#### 4. Finance Income

	Year ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Bank interest receivable	146	505
Interest receivable on convertible loan stock (note 20)	412	-
Interest receivable from joint venture loan (note 6)	1,292	-
Undistributed investment income in year/period (note 18)	117	-
Movement in fair value of interest rate cap (note 7)	82	-
Foreign exchange gain	-	24
Total	2,049	529

#### 5. Finance Costs

	Year ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Interest on bank borrowings	678	793
Movement in fair value of currency swaps (note 7)	211	-
Movement in fair value of the conversion options (note 7)	161	-
Movement in fair value of the forward currency contract	323	-

	Year ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
(note 7)		
Foreign Exchange loss	117	-
Interest capitalised	-	(793)
Total	1,490	-

**6. Net gains or losses on loans and receivables**

	Year ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Interest receivable from joint venture (note 4)	1,292	-
Bank interest receivable (note 4)	146	505
Impairment of trade and other receivables	(72)	(346)
Total	1366	159

**7. Net gains and losses on financial assets at fair value through profit or loss**

	Year ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Net change in unrealised appreciation/ (depreciation) on financial assets at fair value through profit or loss		
Movement in fair value of interest rate cap (note 4)	82	-
Movement in fair value of currency options (note 5)	(211)	-
Movement in fair value of the conversion options (note 5)	(161)	-
Movement in fair value of the forward currency contract (note 5)	(323)	-
Net loss on indirect property investments held at fair value (note 17)	-	(774)

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
<b>Undistributed investment income (note 18)</b>	<b>117</b>	<b>-</b>
<b>Net loss on financial assets at fair value through profit or loss</b>	<b>(496)</b>	<b>(774)</b>
<b>Disclosed As:</b>		
<b>Finance income (note 4)</b>	<b>199</b>	<b>-</b>
<b>Finance costs (note 5)</b>	<b>(695)</b>	<b>-</b>
<b>Net loss on indirect property investment held at fair value (note 17)</b>	<b>-</b>	<b>(774)</b>
<b>Net loss on financial assets and liabilities at fair value through profit or loss</b>	<b>(496)</b>	<b>(774)</b>

**8. Total interest income and total interest expense on financial assets and financial liabilities not at fair value through the profit and loss**

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
Bank interest received (note 4)	146	505
Interest receivable on convertible loan stock (note 4)	412	-
Interest from joint venture loans (note 4)	1,292	-
Bank loan interest (note 5)	(678)	(793)
<b>Total</b>	<b>1,172</b>	<b>(288)</b>

**9. Other administration costs**

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
Auditors' remuneration for audit services	97	77
Accounting and administrative fees	226	283
Non-executive directors' fees	126	154
Other professional fees	915	892
<b>Total</b>	<b>1,364</b>	<b>1,406</b>

The Group has no employees. No amounts were paid to BDO Limited by the Group in respect of non-audit services.

## **10. Taxation**

### **(a) Parent Company**

The Parent Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Company has subsidiary and joint venture operations in Luxembourg, the Netherlands, Spain, Cyprus and India.

### **(b) Group**

The Group's tax expense for the year comprises:

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
<b>Deferred tax</b>	-	(137)
<b>Current tax</b>	<b>31</b>	<b>59</b>
<b>Tax Expense</b>	<b>31</b>	<b>(78)</b>

The charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
Tax expense reconciliation		
(Loss) for the year	(137)	(7,608)
Less: Income not taxable	(2,353)	(505)
Add: Expenditure not taxable	2,619	7,679
Un-provided deferred tax asset	15	420
<b>Total</b>	<b>144</b>	<b>(14)</b>
	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
<b>Analysed as arising from</b>		
<b>India entities</b>	-	(604)
<b>Cyprus entities</b>	-	590
<b>Luxembourg entities</b>	27	-



<b>UK investment</b>	<b>117</b>	-
<b>Total</b>	<b>144</b>	<b>(14)</b>

Tax at domestic rates applicable to profits in the country concerned are as follows:

	<b>Year ended 31 March 2011 £'000</b>	<b>15 months ended 31 March 2010 £'000</b>
<b>Indian taxation at 22.26%</b>	-	<b>(137)</b>
<b>Cypriot taxation at 10%</b>	-	<b>59</b>
<b>Luxembourg entities at an average rate of 28.64%</b>	<b>8</b>	-
<b>UK Taxation at 20%</b>	<b>23</b>	-
<b>Total</b>	<b>31</b>	<b>(78)</b>

**(c) Deferred taxation**

The following is the deferred tax liability recognised by the Group and movements thereon:

	<b>Revaluation of Investment Properties</b>	<b>Accelerated tax depreciation</b>	<b>Tax Losses</b>	<b>Other timing differences</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000
<b>At 31 March 2010</b>	-	-	-	-	-
Release to income	(260)	349	(973)	884	-
<b>At 31 March 2011</b>	<b>(260)</b>	<b>349</b>	<b>(973)</b>	<b>884</b>	-

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes available for offset against future profits.

	<b>2011 £'000</b>	<b>2010 £'000</b>
Deferred tax liabilities	1,233	-
Deferred tax assets	(1,233)	-
<b>Total</b>	-	-

At the balance sheet date the group had unused tax losses of £443,000 (2010: £9,000) in Cyprus. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Cypriot unused tax losses can be carried forward indefinitely.

At the balance sheet date the group had unused tax losses of £28,000 (2010: £nil) in Spain. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Spanish unused tax losses can be carried forward for 15 years.

At the balance sheet date the group had unused tax losses of £10,000 (2010: £nil) in Luxembourg. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Luxembourg unused tax losses can be carried forward indefinitely.

At the balance sheet date the group had unused tax losses of £20,000 (2010: £nil) in the Netherlands. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. In the Netherlands unused tax losses can be carried forward for 9 years.

## 11. Dividends

No dividend has been paid or proposed for the year ended 31 March 2011 (2010: £nil).

## 12. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	1 April 2010 to 31 March 2011	1 April 2010 to 30 September 2010	1 January 2009 to 31 March 2010
Earnings per income statement (£'000)	(168)	(548)	(6,484)
<b>Basic and diluted earnings pence per share</b>	<b>(0.3)p</b>	<b>(1.0)p</b>	<b>(9.8)p</b>
Earnings per income statement (£'000)	(168)	(548)	(6,484)
Net change in the revaluation of investment property (gain)/loss	(136)	78	4,263
Net loss on indirect property investment held at fair value	-	-	774
Movement in fair value of interest rate cap (Mark to Market)	(82)	-	-
Movement in fair value of currency swaps (Mark to Market)	211	165	-
Movement in fair value of the conversion options (Mark to Market)	161	(64)	-
Movement in fair value of the forward currency contract (note 5)	323	-	-
Deferred tax	-	-	(137)
Minority interest	-	-	(1,073)
Foreign exchange loss	117	403	-
<b>Adjusted earnings (£'000)</b>	<b>426</b>	<b>34</b>	<b>(2,657)</b>
<b>Adjusted earnings pence per share</b>	<b>0.8p</b>	<b>0.1p</b>	<b>(4.0)p</b>
<b>Weighted average number of ordinary shares (000's)</b>	<b>56,483</b>	<b>56,717</b>	<b>66,095</b>

The adjusted earnings are presented to provide what the Company believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

The 3,750,000 warrants issued to the Investment Manager (note 26) could potentially dilute basic earnings per share in the future. The average share price over the year is lower than the exercise price of the warrants and therefore these are not currently considered dilutive.

The Company has bought back further shares subsequent to the year end (see note 27).

### 13. Net asset value per share

	31 March 2011	30 September 2010	31 March 2010
Net asset value (£'000)	58,427	58,433	60,283
<b>Net asset value per share</b>	<b>105.3</b>	<b>103.6</b>	<b>105.8</b>
<b>Number of Ordinary shares (000's)</b>	<b>55,512</b>	<b>56,412</b>	<b>56,962</b>

### 14. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2011, including the name, country of incorporation and the proportion of ownership interest is given below.

<b>Name of subsidiary undertaking</b>	<b>Class of share</b>	<b>% of class held</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
		with voting rights		
Alpha Tiger Cyprus Holdings Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 1 Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 4 Limited	Ordinary	100%	Cyprus	Holding Company
Luxco 114 SARL	Ordinary	100%	Luxembourg	Finance company

### 15. Investment in joint ventures

<b>Name</b>	<b>Country of Incorporation</b>	<b>31 March 2011 % held</b>	<b>31 March 2010 % held</b>
LuxCo 111 SARL	Luxembourg	51%	51%

The joint venture in LuxCo 111 SARL group, the holding structure for the H2O investment interest, has been proportionally consolidated. The following amounts have been recognised in the consolidated balance sheet and consolidated comprehensive statement of income in respect of this joint venture:

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Income	2,687	-
Net change in the revaluation of investment property	136	(389)
Expenses	(2,010)	(65)
<b>Net result</b>	<b>813</b>	<b>(454)</b>
Non-current assets	28,212	27,817
Current assets	13,554	13,776
Current liabilities	(668)	(897)
Non- current liabilities	(16,677)	(17,167)
<b>Net assets</b>	<b>24,421</b>	<b>23,529</b>

Within the Spanish special purpose vehicle that owns the H2O investment property there is a bank account in which an amount of £4. 4 million (€5 million) (2010: £4. 5 million) has been ring-fenced for future capital expenditure on the shopping centre. The Group's share of this account of £1. 1 million (2010: £1. 2 million) is included in current assets above.

The joint venture co-investor in the LuxCo 111 SARL group is Alpha Global Property Securities PTE Limited ('Alpha Global'), which is a 100% subsidiary of ARC, the Investment Manager. The Company owns 51% of share capital of LuxCo 111 SARL which in turn owns 51% of the share capital of KMS Holdings BV (the remaining 49% is owned by Alpha Global). KMS Holdings BV owns 100% of the share capital of Alpha Tiger Spain 1 SL which is the owner of the H2O shopping centre. This shareholding structure is referred to as the LuxCo 111 SARL group above and the Company holds a 26% effective interest in this group.

The Company also entered into an option agreement dated 31 March 2010 and subsequently extended on 21 December 2010, giving the Company the right to acquire Alpha Global's investment for a pre-determined price (or fair value, if higher) before 21 July 2011.

## **16. Investment property**

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
<b>As at 1 April / 1 January</b>	<b>18,572</b>	<b>16,134</b>
Acquired during the year/period	-	18,962
Subsequent capital expenditure after acquisition	66	3,908
Disposals during the period	-	(907)
Borrowing costs capitalised	-	793
Fair value adjustment in the year/period	136	(4,263)
Foreign exchange movements	(259)	(1,241)
De-recognised on loss of control of subsidiary	-	(14,814)
<b>As at 31 March</b>	<b>18,515</b>	<b>18,572</b>
<b>Valuation per CBRE of investment property</b>	<b>18,642</b>	<b>18,572</b>
Adjustment for rental smoothing debtor	127	-
<b>Market value of investment property at 31 March</b>	<b>18,515</b>	<b>18,572</b>

The investment property as at 31 March 2011 is the Group's proportionate share of the investment property (H2O) held via the LuxCo 111 SARL group.

The fair value at 31 March 2011 has been arrived at on the basis of valuations carried out at that date by CBRE Valuation Advisory S.L., independent valuers not connected to the Group. The valuation basis has been market value as defined by the Royal Institute of Chartered Surveyors ("RICS") Approval and Valuation Standards.

The approved RICS definition of market value is the "estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The property has been pledged as security for the borrowings in note 23.

#### 17. Indirect property investment held at fair value

	31 March 2011 £'000	31 March 2010 £'000
<b>As at 1 April / 1 January</b>	<b>10,314</b>	<b>-</b>
Addition during the year/period	-	6,411
Disposal during the year/period	(3,501)	-
Net asset value of subsidiary reclassified on loss of control	-	3,519
Fair value adjustment in the year/period	-	(774)
Effect of foreign exchange	(631)	1,158
<b>As at 31 March</b>	<b>6,182</b>	<b>10,314</b>

As announced on 28 May 2010, the Company signed a Settlement Agreement with Logix Group in relation to its Technova and Galaxia indirect property investments. Under the terms of this agreement the Company has sold its shareholding in the Technova project to Logix Group for INR 250 million (£3.7 million); the Company has received this consideration and no longer holds an interest in the project and as such is released from any future commitments to the project. The remaining interest, the Galaxia project, is carried at INR 450 million (£6.2 million). The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration proceedings following breaches by Logix Group. The arbitration seeks an award of INR 450 million plus the agreed minimum investment return and a further loss of profit from the Logix Group promoters. The Directors consider it prudent to continue to value of the indirect investment at INR 450 million.

#### 18. Investment held at fair value

	31 March 2011 £'000	31 March 2010 £'000
<b>As at 1 April / 1 January</b>	<b>-</b>	<b>-</b>
Additions during the year/period	6,200	-
Undistributed investment income in year/period	117	-
<b>As at 31 March</b>	<b>6,317</b>	<b>-</b>

The Group invested in income units of The Freehold Income Trust (“FIT”), a fund offering monthly redemptions, during the year. The Group considers that the asset will be held for the shorter term and has therefore disclosed the investment as a current asset. FIT provides monthly valuations of the net asset value of its units. The investment has therefore been valued at the net asset value provided on 21 March 2011, this being the closest valuation to the Group’s balance sheet date.

## 19. Categories of financial assets and liabilities

	Notes	31 March 2011 £'000	31 March 2010 £'000
<b>Non-current financial assets</b>			
Financial assets at fair value through profit and loss			
Indirect property investment held at fair value	17	6,182	10,314
Derivatives held at fair value	20	956	-
<b>Loans and receivable</b>			
Trade and other receivables	21	14,056	9,237
<b>Total non-current financial assets</b>		<b>21,194</b>	<b>19,551</b>
<b>Current financial assets</b>			
<b>Financial assets at fair value through profit and loss</b>			
Investment held at fair value	18	6,317	-
<b>Loans and receivable</b>			
Trade and other receivables	21	13,187	12,387
Cash and cash equivalents		17,947	28,416
<b>Total current financial assets</b>		<b>37,451</b>	<b>40,803</b>
<b>Total financial assets</b>		<b>58,645</b>	<b>60,354</b>
<b>Current financial liabilities</b>			
<b>Financial liabilities at fair value through profit and loss</b>			
Trade and other payables	22	(1,733)	(1,476)
Bank borrowings	23	(52)	(126)
Derivatives held at fair value	20	(323)	-
<b>Total current financial liabilities</b>		<b>(2,108)</b>	<b>(1,602)</b>
<b>Non-current financial liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Bank borrowings	23	(16,625)	(17,041)
<b>Total non-current financial liabilities</b>		<b>(16,625)</b>	<b>(17,041)</b>
<b>Total financial liabilities</b>		<b>(18,733)</b>	<b>(18,643)</b>

## 20. Derivatives held at fair value through the profit and loss

	31 March 2011 £'000	31 March 2010 £'000
Non-current assets		
Convertible loan stock conversion options	54	-
Interest rate cap	587	-
Currency options	315	-
<b>Total derivatives held as non-current assets</b>	<b>956</b>	<b>-</b>

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
<b>Current liability</b>		
Foreign currency forward	(323)	-
<b>Total derivatives held as current liability</b>	<b>(323)</b>	<b>-</b>
<b>Total</b>	<b>633</b>	<b>-</b>

On the 9 August 2010, the Company subscribed for £4.75 million of convertible unsecured loan stock (“CULS”) in Close High Income Properties plc (“CHIP”). The CULS carry an annual coupon of 4.75% and can be converted at any time up to and including 30 June 2013 into Ordinary Shares at a Conversion Price of 31 pence. The CULS annual coupon can either be paid in cash at the relevant interest payment dates or can be made as a Payment In Kind (“PIK”) by the issuance of further CULS at each relevant date. The CULS attract an 18% redemption premium if not converted. CHIP has subsequently changed its name to Alpha UK Multi Property Trust plc (“AUMP”). Additionally, AUMP has issued 4 million share options to the Company at an exercise price of 50 pence per share.

The fair value of the conversion option within the CULS instrument and the additional options have been valued by reference to an external valuation by J. C. Rathbone (using a binomial model).

On 27 May 2010, Alpha Tiger Spain No 1 S.L (formally Orangeburg S.L), the entity that owns the H2O shopping centre, entered into interest rate cap arrangements with Eurohypo AG and Landesbank Hessen-Thüringen Girozentrale (Helaba) to provide an interest rate hedge on €50 million of the company’s outstanding debt. The cap provides protection against three month Euribor rising above 2.85% through the full course of the loan (expiring 4 October 2017). A premium of €2.2 million was paid on the day of the transaction. The fair value of the cap is accounted by reference to valuations received from the counterparty banks. The Company proportionately consolidates 26% of the results of Alpha Tiger Spain No 1 S.L.

Alpha Tiger has purchased two fixed rate currency options to hedge €7 million of long term mezzanine loan Euro exposure. The fair value of the options is valued by reference to a year end statement of value provided by J P Morgan.

Alpha Tiger has purchased a foreign currency forward to hedge €12.7 million of short term VAT loan Euro exposure. The fair value of the contract is estimated by reference to a calculation provided by the contractual counter party, Royal Bank of Scotland International.

## **21. Trade and other receivables**

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
<b>Non-current</b>		
CULS (note 20)	4,946	-
Loan receivable from joint venture	9,110	9,237
<b>Total</b>	<b>14,056</b>	<b>9,237</b>
<b>Current</b>		
Trade debtors	62	-
VAT	2,857	2,957

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Accrued bank interest	63	5
Other debtors	649	1,036
Amount receivable from joint venture	8,264	8,389
Interest receivable from joint venture	1,292	-
<b>Total</b>	<b>13,187</b>	<b>12,387</b>

The amounts receivable from joint venture represent an acquisition VAT loan facility of £11.2 million (31 March 2010: £11.3 million (€12.7 million)) and a Mezzanine loan of £12.3 million (31 March 2010: £12.5 million (€14 million)) advanced by the Company; the Group receivable is shown after the proportionate consolidation of the joint venture group. The VAT loan is repayable on the refund of VAT from the Spanish Tax Authorities following the property acquisition on 31 March 2010 and is expected to be repaid within the next 12 months. The VAT loan accrues an interest of 2% over the three month Euribor; there is a charge over the VAT bank account into which the acquisition VAT will be refunded. The Mezzanine loan is repayable on 4 October 2017 (or earlier if the centre or shareholdings in the Spanish special purpose vehicle are sold) and accrues a fixed interest of 8% and in addition a variable interest of 10% of an adjusted EBITDA of the Spanish special purpose vehicle. The Mezzanine loan is subordinated to the senior bank debt which is secured against the Spanish property.

## **22. Trade and other payables**

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Trade creditors	219	-
Investment Manager's fee payable	229	342
Accruals	718	1,134
Other creditors	536	-
Corporation tax	31	-
<b>Total</b>	<b>1,733</b>	<b>1,476</b>

Trade creditors and accruals primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## **23. Bank Borrowings**

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Current liabilities: interest payable	52	-
Current liabilities: repayments	-	126
Non-current liabilities: bank borrowings	16,625	17,041
<b>Total liabilities</b>	<b>16,677</b>	<b>17,167</b>
The borrowings are repayable as follows:		



	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
Interest payable	52	-
On demand or within one year	-	126
In the second to fifth years inclusive	497	504
After five years	16,128	16,537
<b>Total</b>	<b>16,677</b>	<b>17,167</b>

Movements in the Group's non-current bank borrowings are analysed as follows:

	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>
<b>As at 1 April / 1 January</b>	<b>17,167</b>	<b>6,411</b>
Additional borrowings	-	21,801
Repayment of borrowings	(240)	-
Amortisation of deferred finance costs	43	-
Exchange differences on translation of foreign currencies	(345)	(644)
De-recognised on loss of control of subsidiary	-	(10,401)
<b>As at 31 March</b>	<b>16,625</b>	<b>17,167</b>

The bank borrowings represent the Group's proportional interest in the syndicated loan finance provided to the property owning the Spanish special purpose vehicle in the LuxCo 111 SARL group. The loan is provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekbank and Landesbank Hessen-Thüringen Girozentrale). The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation as reflected in the repayment table above; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

The Spanish property owning special purpose vehicle has entered into an interest rate cap under which the floating rate element of the interest charge is capped at 2.85% for the full term of the loan on €50 million of the principal borrowings of €75 million.

## 24. Share capital

			Number of shares
<b>Authorised</b>			
Ordinary shares of no par value			Unlimited
<b>Issued share capital</b>	<b>Treasury</b>	<b>External</b>	<b>Total</b>
<b>At 1 April 2010</b>	<b>6,329,143</b>	<b>56,962,294</b>	<b>63,291,437</b>
Shares cancelled following completion of tender offer	(161,111)	-	(161,111)
Shares bought back via tender offer	-	(1,450,000)	(1,450,000)
<b>At 31 March 2011</b>	<b>6,168,032</b>	<b>55,512,294</b>	<b>61,680,326</b>

On 9 April 2010 the Company announced a buyback programme within the remit of the Company's share buyback authority. Subsequently, during May and June 2010, 550,000 ordinary shares of no par value

(“Ordinary Shares”) were bought back at an average price of 65 pence per share. Treasury shares totalling 61,111 were cancelled following the purchase to ensure that the Company holds no more than 10% of its share capital in treasury pursuant to Guernsey law requirements.

Further, as previously announced, following the Extraordinary General Meeting on 17 March 2011, the Company’s shareholders approved a general authority allowing the Company to buy back up to 24.99% of its shares.

During March 2011 the Company purchased 900,000 Ordinary Shares at 58 pence per share and 100,000 Treasury shares were cancelled following the purchase.

The Company has one class of ordinary share which carries no right to fixed income.

The Company has the right to reissue or cancel the remaining treasury shares at a later date.

Subsequent to the balance sheet date the Company announced a further buyback programme as detailed in note 27.

## **25. Reserves**

The movements in the reserves for the Group are shown on page 79.

### **Special reserve**

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey company law, including the buy-back of shares and payment of dividends.

### **Warrant reserve**

The warrant reserve contains the fair value of share-based payments in respect of the warrants issued to the Investment Manager but not exercised.

### **Translation reserve**

The translation reserve contains exchange differences arising on consolidation of the Group’s overseas operations.

### **Capital reserve**

The capital reserve contains increases and decreases in the fair value of the Group’s investment properties, gains and losses on the disposal of properties, gains and losses arising from indirect property investment at fair value together with expenses allocated to capital.

### **Revenue reserve**

Any surplus arising from net profit after tax is taken to this reserve, which may be utilised for the buy-back of shares and payment of dividends.

## **26. Share based payments**

### **(a) Warrants**

The Parent Company has issued warrants in a prior period to the Investment Manager pursuant to which it has been granted the right to subscribe for 3,750,000 ordinary shares in the Company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 21 December 2011. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. At 31 March 2011 no warrants had been exercised leaving 3,750,000 warrants outstanding and available for exercise.

The weighted average exercise price of outstanding warrants at 31 March 2011 was £1.00 (2010: £1), with a weighted average remaining contractual life of 0.75 years (2010: 1.75 years).

### **(b) Share based payments**

The Group has not recognised any share based payment for the year ended 31 March 2011 (2010:£nil).

## **27. Events after the balance sheet date**

As announced, during April and May 2011, in a series of transactions, the Company purchased 775,000 ordinary shares of no par value (“Ordinary Shares”) at an average price (before expenses) of 64.3 pence per share. The purchased Ordinary Shares have been cancelled together with 86,111 shares currently held in treasury which were also cancelled following the purchase to ensure that the Company holds no more than 10% of its share capital in treasury pursuant to Guernsey law requirements.

## **28. 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. ARC is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return (“TSR”), whereby the fee is 20 per cent of any excess over an annualised TSR of 15 per cent subject to a rolling 3 year high water mark.

ARC, via its 100% subsidiary Alpha Global, has co-invested in the H2O joint venture and the Shareholder Agreements and the Call Option arrangements are detailed in note 15.

The Investment Manager has a management agreement directly with the H2O property company, Alpha Tiger Spain 1 SLU under which it earns a fee of 0.9% per annum based upon the gross assets of Alpha Tiger Spain 1 SLU. In order to avoid double counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Company’s net asset value attributable to the H2O investment.

Additionally, during the year, the Company invested in two further investments ultimately giving rise to related party transactions. Firstly, the Company invested in CULS in Close High Income Properties plc (“CHIP”). CHIP was managed by Close Investments Limited, a division of Close Brothers bank but, as part of the transaction, Phillip Rose was appointed to the board and ARC was appointed fund manager.

Additionally, the fund renamed itself Alpha UK Multi Property Trust plc (“AUMP”). Secondly, the Company invested in The Freehold Income Trust (“FIT”). FIT was managed at the time by Close Asset Management Ltd and Close Investments Ltd, both divisions of Close Brothers bank. Subsequent to the transaction, Close Brothers sold their property fund management businesses to Alpha Real Property Investment Advisors LLP (“ARPIA”) a subsidiary of ARC. ARC and ARPIA have agreed rebates of their fees in relation to these investments to avoid double charging the Company.

Details of the Investment Manager’s fees for the current period are disclosed on the face of the statement of comprehensive income and the balance payable at 31 March 2011 is provided in note 22.

The Investment Manager has also been issued warrants over the Company’s ordinary share capital, further details of which are provided in note 26.

On 23 December 2010, ARC acquired 22,175,000 shares in the Company from Rockmount Ventures Limited and Phillip Rose. At 31 March 2011, ARC owns 22,175,000 shares.

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2011:

	<b>31 March 2011 Number of shares held</b>	<b>31 March 2010 Number of shares held</b>
ARRCO Limited	-	22,075,000
IPGL Property Funds Limited*	3,010,100	3,010,100
Phillip Rose**	139,695	239,695
Brad Bauman	55,006	55,006
Ronald Armist	500	500

\* IPGL Property Funds Limited’s interest includes 3,000,000 (2010: 3,000,000) owned by a fellow group company, IPGL. \*\* Phillip Rose transferred 100,000 of his shares to Alpha Real Capital LLP

Details of the Directors fees and share interests in the Company are included in the Directors Report.

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited, the Company’s administrator and secretary. During the year the Company paid Morgan Sharpe Administration Limited fees of £48,000 (2010: £nil).

## **29. Financial instruments risk exposure and management**

In common with similar businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## **Principal financial instruments**

The principal financial instruments used by the Group from which financial instrument risk arises, are as follows:

- Investments held at fair value
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings
- Derivative financial instruments

## **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

## **Project monitoring**

Projects are monitored through regular Project Control Meetings held with development partners to discuss progress and monitor risks. The Investment Manager attends these meetings and reports to the Board on a quarterly basis.

## **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Group policy is to maintain its cash and cash equivalent balances with a number of financial institutions as a means of diversifying credit risk. The Group monitors the placement of cash balances on an ongoing basis and has policies to limit the amount of credit exposure to any financial institution.

With regard to its other investments, the Group receives regular updates from the relevant Investment Manager as to the performance of the underlying investments and assesses its credit risk as a result.

The Group's maximum exposure to credit risk by class of financial instrument is shown below:

	<b>31 March 2011 £'000</b>	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>	<b>31 March 2010 £'000</b>
<b>Maximum Exposure</b>	<b>Carrying Value</b>	<b>Maximum Exposure</b>	<b>Carrying Value</b>	<b>Maximum Exposure</b>
Indirect property investment held at fair value (note 17)	6,182	6,182	10,314	10,314
Investment and interest receivable in AUMP's CULS convertible loan stock (note 21)	4,946	4,946	-	-
Investment in held at fair value (note 18)	6,317	6,317	-	-
Derivatives held at fair value (note 20)	956	956	-	-
Amount receivable from joint venture	17,374	17,374	-	-
Trade and other receivables	4,923	4,923	21,624	21,624
Cash and cash equivalents	17,947	17,947	28,416	28,416
<b>Total</b>	<b>58,645</b>	<b>58,645</b>	<b>60,354</b>	<b>60,354</b>

### Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising these risks such as maintaining sufficient cash and other highly liquid current assets. Cash and cash equivalents are placed with financial institutions on a short term basis reflecting the Group's desire to maintain a high level of liquidity in order to enable timely completion of investment transactions.

The following table illustrates the contractual maturity analysis of the Group's financial liabilities.

<b>31 March 2011</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>	<b>5-10 years £'000</b>	<b>Over 10 years £'000</b>	<b>Total £'000</b>
Trade and other payables	1,733	-	-	-	-	1,733
Bank Borrowings	52	-	497	16,128	-	16,677
Derivative financial instruments at fair value through the profit and loss	323	-	-	-	-	323
<b>Total</b>	<b>2,108</b>	<b>-</b>	<b>497</b>	<b>16,128</b>	<b>-</b>	<b>18,733</b>

<b>31 March 2010</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>	<b>5-10 years £'000</b>	<b>Over 10 years £'000</b>	<b>Total £'000</b>
Trade and other payables	1,476	-	-	-	-	1,476
Bank borrowings	-	126	504	16,537	-	17,167
<b>Total</b>	<b>1,476</b>	<b>126</b>	<b>504</b>	<b>16,537</b>	<b>-</b>	<b>18,643</b>

## Market risk

### (a) Foreign exchange risk

The Group operates in India and Spain and is exposed to foreign exchange risk arising from currency exposures with respect to Indian Rupees and Euros. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The following tables summarise the Group's exposure to foreign currency risk at 31 March 2011 and 31 March 2010. The Group's assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

	31 March 2011 £'000	31 March 2011 £'000	31 March 2011 £'000	31 March 2011 Total £'000	31 March 2010 £'000	31 March 2010 £'000	31 March 2010 £'000	31 March 2010 Total £'000
	INR	€	£		INR	€	£	
<b>Current assets</b>								
Trade and other receivables	24	11,649	1,514	13,187	26	12,224	137	12,387
Investment held at fair value	-	-	6,317	6,317				
Cash and cash equivalents	9	1,909	16,029	17,947	12	1,561	26,843	28,416
<b>Non-current assets</b>								
Trade and other receivables	-	9,110	4,946	14,056	-	9,237	-	9,237
Derivatives held at fair value through profit and loss	-	902	54	956	-	-	-	-
Indirect property investment	6,182	-	-	6,182	10,314	-	-	10,314
held at fair value								
<b>Total assets</b>	<b>6,215</b>	<b>23,570</b>	<b>28,860</b>	<b>58,645</b>	<b>10,352</b>	<b>23,022</b>	<b>26,980</b>	<b>60,354</b>
<b>Current liabilities</b>								
Trade and other payables (excluding deferred income)	(32)	(685)	(1,016)	(1,733)	-	(758)	(412)	(1,170)
Bank borrowings	-	(52)	-	(52)	-	(126)	-	(126)
Derivatives held at fair value through profit and loss	-	(323)	-	(323)	-	-	-	-
<b>Non-current liabilities</b>								
Bank borrowings	-	(16,625)	-	(16,625)	-	(17,041)	-	(17,041)
<b>Total liabilities</b>	<b>(32)</b>	<b>(17,685)</b>	<b>(1,016)</b>	<b>(18,733)</b>	<b>-</b>	<b>(17,925)</b>	<b>(412)</b>	<b>(18,337)</b>

	31 March 2011 £'000	31 March 2011 £'000	31 March 2011 £'000	31 March 2011 Total £'000	31 March 2010 £'000	31 March 2010 £'000	31 March 2010 £'000	31 March 2010 Total £'000
<b>Net assets currency position</b>	<b>6,183</b>	<b>5,885</b>	<b>27,844</b>	<b>39,912</b>	<b>10,352</b>	<b>5,097</b>	<b>26,568</b>	<b>42,017</b>

The Group does not currently hedge its Indian foreign currency exposure and only partially hedges its Euro currency exposure. The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its Risk Management review.

A strengthening of the Rupee by 5 Rupees would increase the net assets by £456,000 (2010:£ 823,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £397,000 (2010:£ 710,000). A strengthening of the Euro by 5 cents would increase the net assets by £271,000 (2010:£238,000). A weakening of the Euro by 5 cents would decrease net assets by £248,000 (2010:£ 218,000).

Further details concerning the currency derivative can be found in note 20.

**(b) Cash flow and fair value interest rate risk**

The Group's interest rate risk arises from the following financial assets and liabilities.

	<b>Weighted average interest rate</b>			
	<b>As at 31 March 2011 %</b>	<b>As at 31 March 2011 £'000</b>	<b>As at 31 March 2010 %</b>	<b>As at 31 March 2010 £'000</b>
<b>Trade and other receivables</b>				
Non-interest bearing	-	4,923	-	3,998
Fixed	10.2	14,056	8.0	9,237
Variable	3.2	8,264	2.7	8,389
<b>Total</b>		<b>27,243</b>		<b>21,624</b>
<b>Cash and cash equivalents</b>				
Variable	0.9	17,947	0.6	28,416
<b>Trade and other payables</b>				
Non-interest bearing	-	1,733		1,476
<b>Bank borrowings</b>				
Variable	4.2	16,677	3.7	17,167

The Group's interest rate risk arises from long term borrowings; the Group has interest rate cap as disclosed in note 20. Further details concerning the derivative financial assets are provided in note 20. The Group also holds significant cash balances and loan assets which accrue interest based on variable interest rates.

The Group's cash flow is periodically monitored by the Board.



The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, changes in interest rate and changes in market value.

For the Group, an increase of 100 basis points in interest rates would result in an increase in post-tax profits of £93,000 (2010: £196,000). A decrease of 100 basis points in interest rates would result in a decrease in post tax profits of £93,000 (2010: £191,000).

**(c) Price risk**

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix Group under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450 million and an additional preferred return and profit.

On 31 March 2010, the Group invested into 26% of the H2O asset in a joint venture with Alpha Real Capital LLP. The value of the underlying investment property is considered bi-annually by the Group and is subject to both tenancy based and macro-economic factors.

During November and December 2010, the Company invested in income units in The Freehold Income Trust (“FIT”). FIT is an open ended unauthorised unit trust which operates a monthly dealing facility to provide investment liquidity. The value of the income units are assessed monthly and are subject to fluctuation.

**d) Fair value estimation**

The following methods and assumptions were used to estimate fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of the currency swap contracts is determined by reference to an applicable valuation model.
- The fair value of the forward currency contract is determined by reference to the difference between the contracted rate as per the contract with the bank and the relevant forward exchange rate at the balance sheet date.
- The fair value of the derivative interest rate swap contracts are determined by reference to the bank’s redemption notice of amounts due if the Company repaid its borrowings at the balance sheet date.

As a result the carrying values less impairment provision of loans and receivables and financial liabilities measured at amortised cost are approximate to their fair values.

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy (see note 2(a), financial instruments (c)):

<b>As at 31 March 2011</b>	<b>Level 1</b> £'000	<b>Level 2</b> £'000	<b>Level 3</b> £'000	<b>Total</b> £'000
Investments held at fair value	-	6,317	6,182	12,499
Financial assets at fair value through profit or loss	-	956	-	956
Financial liability at fair value through profit or loss	-	(323)	-	(323)
<b>Total</b>	<b>-</b>	<b>6,950</b>	<b>6,182</b>	<b>13,132</b>

Reconciliation of the level 3 investment is given in note 17. Given the nature of the investment and how it is valued (note 17) a sensitivity analysis has not been presented.

e) Growth in rental income and defaults

Income growth may not continue at a consistent rate. Future income is dependent on, amongst other things, the Group negotiating suitable rent levels when compared to associated financing costs.

### **Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### **30. Commitments**

The Group had no un-provided material commitments within its group undertakings.

## **5. AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR PERIOD ENDED 31 MARCH 2010**

### **To the members of Alpha Tiger Property Trust Limited**

We have audited the Group and Parent Company financial statements ("the Financial Statements") of Alpha Tiger Property Trust Limited for the period ended 31 March 2010, which comprise the Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Balance Sheets and Consolidated and Company Cash Flow Statements, Consolidated and Company Statements of Changes in Equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS'). These Financial Statements have been prepared in accordance with the accounting policies as set out on pages 131 to 145.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Directors and auditors**

As described in the Directors' Responsibility Statement within the Directors' Report, the Company's directors are responsible for the preparation of the Financial Statements in accordance with applicable law and IFRS and for being satisfied that they give a true and fair view.

Our responsibility is to audit the Financial Statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the other information included in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Highlights, Trust Summary and Objective, Financial Highlights, Chairman's Statement, Property Investment Review, Directors and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

## **Opinion**

In our opinion:

- The Group Financial Statements give a true and fair view, in accordance with IFRS, of the state of the Group's affairs at 31 March 2010 and of its loss for the period 1 January 2009 to 31 March 2010.
- The Parent Company Financial Statements give a true and fair view, in accordance with IFRS, of the state of the Company's affairs at 31 March 2010 and of its loss for the period 1 January 2009 to 31 March 2010.
- The Group and Parent Company Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

BDO Novus Limited Chartered Accountants Place du Pre, Rue du Pre, St Peter Port, Guernsey 10 June 2010

## 6. FINANCIAL STATEMENTS FOR PERIOD ENDED 31 MARCH 2010

		For the 15 Months ended 31 March 2010			For the 12 Months ended 31 December 2008		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Net change in the revaluation of investment Properties	15	-	(4,263)	(4,263)	-	160	160
Net loss on indirect property investments held at fair value	16	-	(774)	(774)	-	-	-
Revenue	3	-	-	-	-	-	-
Total income		-	(5,037)	(5,037)	-	160	160
<b>Expenses</b>							
Investment Manager's fee		(1,694)	-	(1,694)	(1,555)	-	(1,555)
Other administration costs	8	(1,406)	-	(1,406)	(630)	-	(630)
Total Operating expenses		(3,100)	-	(3,100)	(2,185)	-	(2,185)
Operating profit/(loss)		(3,100)	(5,037)	(8,137)	(2,185)	160	(2,025)
Finance income	4	529	-	529	3,898	-	3,898
Finance costs	6	-	-	-	-	-	-
(Loss)/Profit before taxation		(2,571)	(5,037)	(7,608)	1,713	160	1,873
Taxation	9	(59)	137	78	(59)	(128)	(187)
(Loss)/Profit for the period/year		(2,630)	(4,900)	(7,530)	1,654	32	1,686
<b>Other comprehensive income for the period/year</b>							
Exchange differences arising on translation of foreign operations		-	710	710	-	490	490
Other comprehensive income for the period/year		-	710	710	-	490	490
Total comprehensive (loss) / income for the period/year		(2,630)	(4,190)	(6,820)	1,654	522	2,176
<b>(Loss)/Profit attributable to:</b>							
Owners of the parent		(2,630)	(3,854)	(6,484)	1,654	(82)	1,572
Minority Interests		-	(1,046)	(1,046)	-	114	114
		(2,630)	(4,900)	(7,530)	1,654	32	1,686

<b>Total comprehensive (Loss) / Profit attributable to:</b>							
<b>Owners of the parent</b>		(2,630)	(3,144)	(5,774)	1,654	408	2,062
<b>Minority Interests</b>		-	(1,046)	(1,046)	-	114	114
		(2,630)	(4,190)	(6,820)	1,654	522	2,176
<b>Earnings per share (Basic &amp; Diluted)</b>	11			(9.8)p			2.1p
<b>Adjusted earnings per share</b>	11			(4.0)p			2.2p

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

The accompanying notes on pages 131 to 171 form an integral part of this statement

		<b>31 March 2010</b>	<b>31 December 2008</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>			
Investment properties	15	18,572	16,134
Indirect property investments held at fair value	16	10,314	-
Trade and other receivables	18	9,237	-
		38,123	16,134
<b>Current assets</b>			
Trade and other receivables	18	12,387	2,152
Cash and cash equivalents		28,416	65,377
		40,803	67,529
Total assets		78,926	83,663
<b>Current liabilities</b>			
Trade and other payables	19	(1,476)	(1,019)
Bank borrowings	20	(126)	-
<b>Total assets less current liabilities</b>		<b>77,324</b>	<b>82,644</b>
<b>Non-current liabilities</b>			
Bank borrowings	20	(17,041)	(6,411)
Deferred tax	9	-	(143)
		(17,041)	(6,554)
<b>Total liabilities</b>		<b>(18,643)</b>	<b>(7,573)</b>
<b>Net assets</b>		<b>60,283</b>	<b>76,090</b>
Equity			
Share capital	21	-	-
Share premium	22	-	-

		<b>31 March 2010</b>	<b>31 December 2008</b>
Special reserve	22	61,688	69,445
Warrant reserve	22	40	40
Translation reserve	22	1,200	490
Capital reserve	22	(3,936)	(82)
Revenue reserve	22	1,291	3,921
<b>Equity attributable to the equity holders of the parent</b>		<b>60,283</b>	<b>73,814</b>
<b>Minority interests</b>		<b>-</b>	<b>2,276</b>
Total equity		60,283	76,090
<b>Net asset value per share</b>	<b>12</b>	<b>105.8p</b>	<b>109.4p</b>
<b>Net asset value per share (adjusted)</b>	<b>12</b>	<b>105.8p</b>	<b>109.6p</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 10 June 2010. They were signed on its behalf by David Jeffreys and Serena Tremlett.  
The accompanying notes on pages 131 to 171 form an integral part of this statement.

	<b>For the 15 Months ended 31 March 2010</b>	<b>For the 123 Months ended 31 December 2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating activities</b>		
(Loss)/profit for the period/year	(7,530)	1,686
Adjustments For:		
Net change in revaluation of investment properties	4,263	(160)
Net loss of indirect property interests held at fair value	774	-
Taxation	(78)	187
Finance income	(529)	(3,898)
<b>Operating cash flows before movements in working capital</b>	<b>(3,100)</b>	<b>(2,185)</b>
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(1,442)	176
Decrease in trade and other payables	(284)	(188)
<b>Cash used in operations</b>	<b>(4,826)</b>	<b>(2,197)</b>
Interest received	500	3,529
Taxation	(59)	(59)
<b>Cash flows used in/from operating activities</b>	<b>(4,385)</b>	<b>1,273</b>
<b>Investing Activities</b>		
Acquisition of subsidiary	-	18
Cash derecognised on loss of control of subsidiary	(295)	-
Acquisition of investment property	(18,962)	-
Disposal of investment property	907	-
Property development expenditure	(3,908)	(11,850)
Indirect property investments	(6,411)	-
Pre-completion project costs	-	(1,308)
Mezzanine and acquisition loan advanced	(17,626)	-
<b>Cash flows from investing activities</b>	<b>(46,295)</b>	<b>(13,140)</b>
<b>Financing Activities</b>		
Bank loans received	21,252	5,274
Share buyback costs	(170)	(29)
Tender offer/share buyback	(7587)	(2,557)
<b>Cash flows from financing activities</b>	<b>13,495</b>	<b>3,138</b>
<b>Net decreases in cash and cash equivalents</b>	<b>(37,185)</b>	<b>(8,729)</b>



<b>Cash and cash equivalents at beginning of period/year</b>	<b>65,377</b>	<b>74,104</b>
Exchange translation movement	224	2
<b>Cash and cash equivalent at end of period/year</b>	<b>28,416</b>	<b>65,377</b>

The accompanying notes on pages 131 to 171 form an integral part of this statement.

<b>For the 12 months ended 31 December 2008</b>	<b>Share premium £'000</b>	<b>Special reserve £'000</b>	<b>Warrant reserve £'000</b>	<b>Translation reserve £'000</b>	<b>Capital reserve £'000</b>	<b>Revenue reserve £'000</b>	<b>Equity attributable to equity holders of the parent £'000</b>	<b>Minority interests £'000</b>	<b>Total equity £'000</b>
<b>At 1 January 2008</b>	-	72,031	40	-	-	2,267	74,338	-	74,338
Total comprehensive income	-	-	-	490	(82)	1,654	2,062	114	2,176
for the year									
Share buyback costs	-	(29)	-	-	-	-	(29)	-	(29)
Share buyback	-	(2,557)	-	-	-	-	(2,557)	-	(2,557)
Net assets attributable to minority interests	-	-	-	-	-	-	-	2,162	2,162
<b>At 31 December 2008</b>	-	69,445	40	490	(82)	3,921	73,814	2,276	76,090
Notes 21, 22									
<b>For the 15 months ended 31 March 2010</b>	<b>Share premium £'000</b>	<b>Special reserve £'000</b>	<b>Warrant reserve £'000</b>	<b>Translation reserve £'000</b>	<b>Capital reserve £'000</b>	<b>Revenue reserve £'000</b>	<b>Equity attributable to equity holders of the parent £'000</b>	<b>Minority interests £'000</b>	<b>Total equity £'000</b>
<b>At 1 January 2009</b>	-	69,445	40	490	(82)	3,921	73,814	2,276	76,090
Total comprehensive loss	-	-	-	710	(3,854)	(2,630)	(5,774)	(1,046)	(6,820)
for the period									
De-recognition of Minority	-	-	-	-	-	-	-	(1,230)	(1,230)
Interest on loss of control of subsidiary									
Share buyback	-	(170)	-	-	-	-	(170)	-	(170)

costs									
Share buyback	-	(7,587)	-	-	-	-	(7,587)	-	(7,587)
<b>At 31 March 2010</b>	-	<b>61,688</b>	<b>40</b>	<b>1,200</b>	<b>(3,936)</b>	<b>1,291</b>	<b>60,283</b>	-	<b>60,283</b>
Notes 21, 22									

The accompanying notes on pages 131 to 171 form an integral part of this statement.

<b>For the 15 Months ended 31 March 2010</b>					<b>For the 12 Months ended 31 December 2008</b>		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Revenue		-	-	-	-	-	-
<b>Total income</b>		-	-	-	-	-	-
<b>Expenses</b>							
Investment Manager's fee		(1,694)	-	(1,694)	(1,555)	-	(1,555)
Other administration costs	8	(798)	-	(798)	(583)	-	(583)
<b>Total expenses</b>		<b>(2,492)</b>	<b>-</b>	<b>(2,492)</b>	<b>(2,138)</b>	<b>-</b>	<b>(2,138)</b>
Operating loss		(2,492)	-	(2,492)	(2,138)	-	(2,138)
Finance income	4	2,157	-	2,157	4,010	-	4,010
Impairment of amounts receivable from subsidiary undertakings	13	-	(4,853)	(4,853)	-	-	-
<b>(Loss)/profit before taxation</b>		<b>(335)</b>	<b>(4,853)</b>	<b>(5,188)</b>	<b>1,872</b>	<b>-</b>	<b>1,872</b>
Taxation	9	-	-	-	-	-	-
<b>(Loss)/profit for the period/year</b>		<b>(335)</b>	<b>(4,853)</b>	<b>(5,188)</b>	<b>1,872</b>	<b>-</b>	<b>1,872</b>
Other comprehensive income for the period/year		-	-	-	-	-	-
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(335)</b>	<b>(4,853)</b>	<b>(5,188)</b>	<b>1,872</b>	<b>-</b>	<b>1,872</b>

The total column of this statement represents the Company's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

The accompanying notes on pages 131 to 171 form an integral part of this statement.

		<b>31 March 2010</b>	<b>31 December</b>
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	Notes	£'000	2008 £'000
<b>Non-current assets</b>			
Investment in subsidiary undertakings	13	-	-
Investment in joint ventures	14	506	-
Amount receivable from subsidiary undertakings	13	10,298	7,749
Trade and other receivables	18	12,496	-
		23,300	7,749
<b>Current assets</b>			
Trade and other receivables	18	11,472	730
Cash and cash equivalents		26,843	65,292
		38,315	66,022
Total assets		61,615	73,771
<b>Current liabilities</b>			
Trade and other payables	19	(878)	(89)
Total liabilities		(878)	(89)
Net assets		60,737	73,682
<b>Equity</b>			
Share capital	21	-	-
Share premium	22	-	-
Special reserve	22	61,688	69,445
Warrant reserve	22	40	40
Revenue reserve	22	3,862	4,197
Capital reserve	22	(4,853)	-
Total equity		60,737	73,682

The Financial Statements were approved by the Board of Directors and authorised for issue on 10 June 2010.

They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 131 to 171 form an integral part of this statement.

	For the 15 Months ended 31 March 2010 £'000	For the 12 Months ended 31 December 2008 £'000
Cash flows from operating activities		

(Loss)/profit for the period/year	(5,188)	(1,872)
Adjustment for:		
Finance income	(2,157)	(4,010)
Impairment of loans to subsidiary undertakings	4,853	
<b>Operating cash flows before movements in working capital</b>	(2,492)	(2,138)
Movements in working capital:		
Decrease in trade and other receivables	598	164
Increase/(decrease) in trade and other payables	323	(467)
<b>Cash used in operations</b>	<b>(1,571)</b>	<b>(2,441)</b>
Interest received	500	3,515
Taxation	-	-
<b>Cash flow (used in)/from operating activities</b>	<b>(1,071)</b>	<b>1,074</b>
Investing Activities		
Investment in joint venture	(40)	-
Loans to joint venture	(23,831)	-
Loans to subsidiary undertaking	(5,570)	(4,616)
Pre-completion project costs	-	(84)
<b>Cash flows from investing activities</b>	<b>(29,621)</b>	<b>(4,700)</b>

<b>Financing activities</b>		
<b>Share buyback costs</b>	(170)	(29)
<b>Tender offer/share buyback</b>	(7,587)	(2,557)
<b>Cash flows from financing activities</b>	<b>(7,757)</b>	<b>(2,586)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(38,449)</b>	<b>(6,212)</b>
<b>Cash and cash equivalents at beginning of period/year</b>	65,292	71,504
<b>Cash and cash equivalents at end of period/year</b>	<b>26,843</b>	<b>65,292</b>

The accompanying notes on pages 131 to 171 form an integral part of this statement.

<b>For the 12 months ended 31 December 2008</b>	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Special reserve £'000</b>	<b>Warrant reserve £'000</b>	<b>Capital reserve £'000</b>	<b>Revenue reserve £'000</b>	<b>Total reserves £'000</b>
<b>At 1 January 2008</b>	-	-	72,031	40	-	2,325	74,396
Total comprehensive income to the year	-	-	-	-	-	1,872	1,872
Share buyback costs	-	-	(29)	-	-	-	(29)
Share buyback	-	-	(2,557)	-	-	-	(2,557)
<b>At 31 December 2008</b>	-	-	69,445	40	-	4,197	73,682
Notes 21,22							

<b>For the 15 months ended 31 March 2010</b>	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Special reserve £'000</b>	<b>Warrant reserve £'000</b>	<b>Capital reserve £'000</b>	<b>Revenue reserve £'000</b>	<b>Total reserves £'000</b>
<b>At 1 January 2009</b>	-	-	69,445	40	-	4,197	73,682

Total comprehensive loss for the period	-	-	-	-	(4,853)	(335)	(5,188)
Share buyback costs	-	-	(170)	-	-	-	(170)
Share buyback	-	-	(7,587)	-	-	-	(7,587)
<b>At 31 March 2010</b>	-	-	<b>61,688</b>	<b>40</b>	<b>(4,853)</b>	<b>3,862</b>	<b>60,737</b>
<b>Notes 21,22</b>							

The accompanying notes on pages 131 to 171 form an integral part of this statement.

## 1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given on page 52<sup>3</sup>. The nature of the Group's operations and its principal activities are set out in the Chairman's statement on pages 3 to 6<sup>4</sup>. The financial statements were approved and authorised for issue on 10 June 2010 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

## 2. Significant accounting policies

A summary of the principal accounting policies are set out below, all of which have been applied consistently for all periods presented unless otherwise stated.

### Basis of accounting

The Financial Statements of the Company and of the Group have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standards Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 (b).

<sup>3</sup> Please note that this was a reference in these accounts. See page 18 for details of the Company's registered office.

<sup>4</sup> Please note that this was a reference in the accounts. This chairman's statement is not included in theses accounts but please see the summary of the investments held by the Company at Part II.

**(a) Adoption of new and revised Standards**

A number of standards and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These were:

**New Standards**

IFRS 8: Operating Segments – for accounting periods commencing on or after 1 January 2009

IFRS 2: Share-based Payment – Amendment relating to vesting conditions and cancellations – for accounting periods commencing on or after 1 January 2009

IFRS 7: Financial Instruments: Disclosures – Amendments enhancing disclosures about fair value and liquidity notes – for accounting periods commencing on or after 1 January 2009

IAS 1: Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income – for accounting periods commencing on or after 1 January 2009

IAS 1: Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation – for accounting periods commencing on or after 1 January 2009

IAS 1: Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 16: Property, Plant and Equipment Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 19: Employee Benefits Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 20: Government Grants and Disclosure of Government Assistance Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 23: Borrowing Costs – comprehensive revision to prohibit immediate expensing – for accounting periods commencing on or after 1 January 2009

IAS 23: Borrowing Costs – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 27: Consolidated and Separate Financial Statements – Amendments relating to cost of an investment on first time adoption – for accounting periods commencing on or after 1 January 2009

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 28: Investments in Associates – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 29: Financial Reporting in Hyperinflationary Economies – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 31: Interests in Joint Ventures – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 32: Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation – for accounting periods commencing on or after 1 January 2009

IAS 36: Impairment of assets – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 38: Intangible Assets – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments for embedded derivatives when reclassifying financial instruments – for accounting periods ending on or after 30 June 2009.

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 40: Investment Property – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 41: Agriculture – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

### **Interpretations**

IFRIC 15: Agreements for the Construction of Real Estate – for accounting periods commencing on or after 1 January 2009

IFRIC 16: Hedges of a Net investment in a Foreign Operation – for accounting periods commencing on or after 1 October 2008

The adoption of these standards and interpretations has not led to any changes in the Groups accounting policies, except as follows:

IAS 1 (revised), 'Presentation of Financial Statements' (effective from 1 January 2009): The revised standard prohibits the presentation of items of income and expenses (that is,



‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Application of IAS 1 (revised) did not impact on the net assets or income for the period ended 31 March 2010. Apart from formatting and the titles of the primary statements there have been no other changes.

Amendment: IFRS 7, ‘Improving disclosures about financial instruments’: The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a three-level fair value measurement hierarchy. In addition to that, the amendment clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and secondly requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. The entity has to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The adoption of the amendment results in additional disclosures but does not have an impact on profit or earnings per share.

**(b) Standards and Interpretations in issue and not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:-

IFRS 2: Share-based Payment – Amendments relating to group cash-settled share-based payment transactions – for accounting periods commencing on or after 1 January 2010

IFRS 2: Share-based Payment – Amendments resulting from April 2009 Annual Improvements\* - for accounting periods commencing on or after 1 July 2009

IFRS 3: Business Combinations – Comprehensive revision on applying the acquisition method – for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 January 2010

IFRS 8: Operating Segments – Amendments resulting from April 2009 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 January 2010

IFRS 9: Financial Instruments – Classification and Measurement – for accounting periods commencing on or after 1 January 2013\*

IAS 1: Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 January 2010

IAS 7: Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements IFRSs – for accounting periods commencing on or after 1 January 2010

IAS 17: Leases – Amendments resulting from April 2009 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 January 2010

IAS 24: Related Party Disclosures – Revised definition of related parties – for accounting periods commencing on or after 1 January 2011\*

IAS 27: Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 28: Investments in Associates – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 31: Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 32: Financial Instruments: Presentation – Amendments relating to classification of rights issues – for accounting periods commencing on or after 1 January 2010

IAS 36: Impairment of Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 January 2010

IAS 38: Intangible Assets - Amendments resulting from April 2009 Annual Improvements to IFRS - for accounting periods commencing on or after 1 July 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items – for accounting periods commencing on or after 1 July 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs – for accounting periods commencing on or after 1 January 2010

#### Interpretations

IFRIC 14 IAS 19 – November 2009 amendment with respect to voluntary prepaid contributions is effective for annual periods beginning on or after 1 January 2011\*

IFRIC 17: Distributions of Non-cash Assets to Owners – for accounting periods commencing on or after 1 July 2009

IFRIC 18: Transfers of Assets from Customers – for accounting periods commencing on or after 1 July 2009

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – for accounting periods commencing on or after 1 July 2010\* \*Still to be endorsed by the EU

The Directors anticipate that with the exception of IFRS 3, IAS 27 and IFRS 9 the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27 'Consolidated and separate financial statements' (both effective for accounting periods beginning on or after 1 July 2009). The revised IFRS 3 and amendments to IAS 27 arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. The Group is currently assessing the impact of IFRS 3 on the Financial Statements.

In November 2009, the IASB issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

The principal accounting policies adopted are set out below.

## **Basis of consolidation**

### **(a) Subsidiaries**

The consolidated financial statements incorporate the results of the Company and the special purpose vehicles controlled by the Company, made up to

31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

The results of special purpose vehicles acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

When necessary, adjustments are made to the financial statements of special purpose vehicles to bring the accounting policies used into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, the profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any minority interests. Amounts previously

recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement.

**(b) Minority interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original investment and the minority's share of changes in equity since the date of the investment. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

When the Group loses control of a subsidiary, the net assets attributable to minority interest are derecognised on the date of a loss of control.

**(c) Joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accruals basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to or from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishments of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination.

When a Group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

## **Investment property**

Property that has been or is being constructed or developed for future use as investment property is stated at fair value. The fair values are based on the market values being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction where the parties had each acted knowledgeably, prudently and without compulsion. The fair values include adjustments to remove the fair value of construction which has yet to take place and making reasonable assumptions regarding expected rentals and costs.

Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise. Properties are treated as acquired when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures qualifying as acquisition costs are capitalised.

## **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

## **Presentation of statement of comprehensive income**

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information which analyses the statement of comprehensive income between items of a revenue and capital nature has been presented alongside the statement of comprehensive income.

## **Revenue recognition**

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore also recognised on the same straight line basis. Rental revenues are accounted for on an accruals basis. Therefore, deferred revenue generally represents advance payments from tenants.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Upon early termination of a lease by the lessee, the receipt of a surrender premium, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately recognised as revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

## **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## **Foreign currencies**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Sterling, which is the Company’s functional and presentational currency.

### **(b) Transactions and balances**

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly to equity.

### **(c) Group companies**

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each income statement are translated at the average exchange rate prevailing in the period; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders’ equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

The period-end exchange rate used is £1.00: INR 67.87 (31 December 2008: £1.00: INR 71.99) and the average rate for the period used is £1.00: INR 75.49 (12 months to 31 December 2008: £1.00: INR 80.63). For Euro based transaction’s the period end exchange rate is 1.1204.

## **Operating loss**

### **(a) Company**

Operating loss includes interest income from subsidiaries and joint ventures as reduced by administration costs and excludes impairment losses on loans to subsidiaries, finance income and finance costs.

### **(b) Group**

Operating loss includes net gains or losses on revaluation of investment properties, net gains or losses on indirect property investments at fair value less administrative expenses and excludes finance income and finance costs.

## **Expenses**

All expenses are accounted for on an accruals basis and include fees and other expenses paid to the Administrators, the Investment Manager and the Directors. In respect of the analysis between revenue and capital items, presented within the statement of comprehensive income, all expenses have been presented as revenue items except expenses which are incidental to the acquisition of an investment property which are included within the cost of that investment property.

## **Taxation**

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the State of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Group has subsidiary operations in Cyprus and India. The Group also holds a joint venture investment in Spain, owned through investments in Luxembourg and the Netherlands; the Group is liable to taxation in these jurisdictions.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

## **Dividends**

Dividends are recognised as a liability in the Group's financial statements in the year in which they become obligations of the Company.

## **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

The Company announced on 11 September 2009 a change in its Investment Policy under which it may invest in real estate opportunities unconstrained by geography, but with a particular focus on the UK, Europe and Asia.

The Group's only operating segment up to 31 October 2009, was investing in property investment in India. However, since the date of loss of control (note 23) management have not had access to operational or discrete financial information and has been focused on agreeing a settlement with its development partner. Accordingly, this is no longer considered an operating segment by management.

As disclosed in note 14 on 31 March 2010 the Group acquired an interest, via a joint venture, in a property investment in Spain. Thereafter, the Group's main operating segment is now property investment in Spain.

## **Share-based payments**

The Group makes equity-settled share-based payments to certain advisers and service providers. Equity-settled share-based payments are measured at fair value as at the date of grant. The fair value determined at grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of the number of instruments that will eventually vest.

## **Investment in subsidiaries and joint venture entities**

Investments in subsidiaries and joint venture entities are initially recognised and subsequently carried at cost less provisions for impairment (where applicable) in the Company's financial statements.

## **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

### **(a) Financial assets**

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group has not classified any of its financial assets held to maturity or as available for sale.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

#### **(i) Indirect property investments at fair value through profit or loss**



Indirect property investments are classified as “fair value through profit or loss” and are initially recognised at cost, being the fair value of the consideration given.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company’s investment strategy. The Company’s policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

### **Recognition**

Purchases and sales of investments are recognised on the transaction date, the date on which the Company commits to purchase or sell the investment.

### **Measurement**

Financial assets at fair value through profit or loss are initially recognised at fair value with transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the income statement in the period in which they arise.

#### **(ii) Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through cash and cash equivalents, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition on issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

#### **(iii) De-recognition of financial assets**

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

**(b) Financial liabilities**

The Group's financial liabilities comprise trade and other payables which are classified as financial liabilities measured at amortised cost. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

**(i) Financial liabilities measured at amortised cost Other financial liabilities include the following items:**

- Trade payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

**(ii) De-recognition of financial liabilities**

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the statement of comprehensive income.

**(c) Fair value measurement hierarchy**

IFFIS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the input used in making the fair value measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived prices) (level 2) and;
- inputs for the asset or liability that are not based on observable market data (unobservable input) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

**(d) Share capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

For the purposes of disclosures given in note 27, the Group considers all of its reserves and equity as capital. The Company is not subject to any externally imposed capital requirements.

**(e) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

**Significant accounting estimates and judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Loss of control of subsidiary - Vipul IT Infrastructure Pvt. Ltd (Technova)**

As disclosed previously, the agreements entered into in respect of Vipul IT Infrastructure Pvt. Ltd (Vipul) gave the Group control over the majority of the major decisions and as a result, in the opinion of the Directors, the Company effectively controlled Vipul. Accordingly, Vipul had been consolidated previously.

On 8 February 2010, the Company announced that it was entering into arbitration proceedings with its development partner, Logix. This followed extended discussions which commenced in December 2009. As a result of the arbitration and the subsequent signing of a Settlement Agreement, announced on 28 May 2010, the Directors consider that the Company had effectively lost control of the Technova project. The Directors consider the date of loss of control to be 31 October 2009 as this was the last financial information to have been provided by Logix to the Company. As a result of this loss of control the Company has deconsolidated the relevant entity with effect from 31 October 2009. The Company's interests have now been reclassified under IAS39 to indirect

property investments held at fair value through profit and loss. See note 23 for further information.

**(b) Estimate of fair value of indirect property investments - Galaxia and Technova**

This property interests in Galaxia and Technova are classified as indirect property investments held at fair value through profit and loss and have been included within the financial statements based on the expected realisable value that the Group will receive under the Settlement Agreement signed with Logix on 27 May 2010. Under the terms of this agreement, the Technova interest was sold for INR 250 million and the Galaxia property will be marketed to obtain a minimum return of INR 450 million for the Company. Should the Galaxia property not be sold under the stipulations of the Settlement Agreement, the original development agreement will be resumed. The fair value in accordance with the original development agreement is higher; however the Directors consider it appropriate to calculate the fair value of the indirect investments by reference to the realisable value under the Settlement Agreement.

**(c) Deferred taxation**

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

**3. Revenue**

The Group's H2Ocio Shopping Centre, acquired on 31 March 2010 via a joint venture, is leased on standard institutional Spanish retail operating leases with a minimum guaranteed monthly rent and the possibility for the Landlord to capture additional income if the tenants' turnover exceeds certain pre-set levels on most leases. The leases are typically for a minimum guaranteed term of 5 years from the opening of the centre in mid-2007 with 5 year renewal options thereafter, e.g. 5+5+5, and generally a 10 to 15 year term.

At the balance sheet date the Group, via its 26% effective interest in the joint venture entity had contracted with tenants at the H2Ocio Centre for the following future minimum lease payments:

	<b>31 March 2010 £'000</b>	<b>31 March 2010 £'000</b>
<b>Within one year</b>	<b>2,134</b>	<b>-</b>
<b>In the second to fifth years inclusive</b>	<b>2,722</b>	<b>-</b>
<b>After five years</b>	<b>482</b>	<b>-</b>
<b>Total</b>	<b>5,338</b>	<b>-</b>

#### 4. Finance Income

	<b>Group 15 months ended 31 March 2010 £'000</b>	<b>Company 15 months ended 31 March 2010 £'000</b>	<b>Group 12 months ended 31 December 2008 £'000</b>	<b>Company 12 months ended 31 December 2008 £'000</b>
<b>Bank interest received</b>	<b>505</b>	<b>505</b>	<b>3,548</b>	<b>3,535</b>
<b>Foreign exchange gain</b>	<b>24</b>	<b>1,652</b>	<b>350</b>	<b>475</b>
<b>Total</b>	<b>529</b>	<b>2,157</b>	<b>3,898</b>	<b>4,010</b>

#### 5. Net gains or losses on loans and receivables

	<b>Group 15 months ended 31 March 2010 £'000</b>	<b>Company 15 months ended 31 March 2010 £'000</b>	<b>Group 12 months ended 31 December 2008 £'000</b>	<b>Company 12 months ended 31 December 2008 £'000</b>
<b>Bank Interest received (note 4)</b>	<b>505</b>	<b>505</b>	<b>3,548</b>	<b>3,535</b>
<b>Impairment of trade and other receivables (note 18)</b>	<b>(346)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment of amounts receivable from Group undertakings (note 13)</b>		<b>(4,853)</b>		
<b>Total</b>	<b>159</b>	<b>(4,348)</b>	<b>3,548</b>	<b>3,535</b>

#### 6. Finance costs

The above finance costs arise on financial liabilities measured at amortised cost using the effective interest rate method. In accordance with the Group's accounting policies any borrowing costs on investment properties are capitalised, using a capitalisation rate of 13.7% (2008: 12.9%).

	<b>Group 15 months ended 31 March 2010</b>	<b>Company 15 months ended 31 March 2010</b>	<b>Group 12 months ended</b>	<b>Company 12 months ended</b>

	£'000	£'000	31 December 2008 £'000	31 December 2008 £'000
Bank loan interest	793	-	273	
Interest capitalised	(793)	-	(273)	
Total	-	-	-	-

**7. Total interest income and total interest expense on financial assets and financial liabilities not at fair value through the profit and loss**

	Group 15 months ended 31 March 2010 £'000	Company 15 months ended 31 March 2010 £'000	Group 12 months ended 31 December 2008 £'000	Company 12 months ended 31 December 2008 £'000
Bank loan interest	505	505	3,548	3,535
Interest capitalised	(793)	-	(273)	
Total	(288)	505	3,275	3,535

**8. Other administration costs**

The Group and Company have no employees. No amounts were paid to BDO Limited by the Company and its subsidiary undertakings in respect of non-audit services.

	Group 15 months ended 31 March 2010 £'000	Company 15 months ended 31 March 2010 £'000	Group 12 months ended 31 December 2008 £'000	Company 12 months ended 31 December 2008 £'000
Auditors' remuneration for audit services	77	41	32	32
Accounting and administrative fees	283	277	314	270
Non-executive directors' fees	154	154	116	116
Other professional fees	892	326	168	165

<b>Total</b>	<b>1,406</b>	<b>798</b>	<b>630</b>	<b>583</b>
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## 9. Taxation

### (a) Company

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Company has subsidiary and joint venture operations in Luxembourg, the Netherlands, Spain, Cyprus and India.

### (b) Group

The Group's tax expense for the year comprises:

	<b>Group 15 Months ended 31 March 2010 £'000</b>	<b>Group 12 Months ended 31 December 2008 £'000</b>
<b>Deferred tax</b>	<b>(137)</b>	<b>128</b>
<b>Current tax</b>	<b>59</b>	<b>59</b>
<b>Tax Expense</b>	<b>(78)</b>	<b>187</b>

The charge for the year can be reconciled to the (loss)/profit per the consolidated statement of comprehensive income as follows:

	<b>Group 15 Months ended 31 March 2010 £'000</b>	<b>Group 12 Months ended 31 December 2008 £'000</b>
<b>Tax expense reconciliation</b>		
<b>(Loss)/profit for the year</b>	<b>(7,608)</b>	<b>1,873</b>
<b>Less: Income not taxable</b>	<b>(505)</b>	<b>(3,251)</b>
<b>Add: Expenditure not taxable</b>	<b>7,679</b>	<b>2,102</b>
<b>Unprovided deferred tax asset</b>	<b>420</b>	<b>424</b>
<b>Total</b>	<b>(14)</b>	<b>1,148</b>

	<b>Group 15 months ended</b>	<b>Group 15 months ended</b>
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	<b>31 March 2010</b> £'000	<b>31 March 2010</b> £'000
<b>Analysed as arising from</b>		
Indian entities	(604)	558
Cypriot entities	590	590
<b>Total</b>	<b>(14)</b>	<b>1,148</b>

Tax at domestic rates applicable to profits in the country concerned

	<b>Group 15 Months ended 31 March 2010 £'000</b>	<b>Group 12 Months ended 31 December 2008 £'000</b>
<b>India taxation at 22.66%</b>	<b>(137)</b>	<b>128</b>
<b>Cypriot taxation at 10%</b>	<b>59</b>	<b>59</b>

**(c) Deferred taxation**

The following is the deferred tax liability recognised by the Group and movements thereon:

<b>Revaluation of Investment Property</b>	<b>Group 15 Months ended 31 March 2010 £'000</b>	<b>Group 12 Months ended 31 December 2008 £'000</b>
<b>Opening balance</b>	<b>143</b>	<b>-</b>
<b>De-recognised on loss of control of subsidiary (note 23)</b>	<b>(137)</b>	<b>128</b>
<b>Foreign exchange movements</b>	<b>(6)</b>	<b>15</b>
<b>Closing balance</b>	<b>-</b>	<b>143</b>

At the balance sheet date the group had unused tax losses of £9k (31 December 2008: £22k) in Cyprus. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Cypriot unused tax losses can be carried forward indefinitely.

**10. Dividends**



No dividend has been paid or proposed for the 15 months ended 31 March 2010 (2008: £Nil).

# **11. Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>1 January 2009 to 31 March 2010</b>	<b>1 January 2009 to 30 September 2009</b>	<b>1 January 2008 to 31 December 2008</b>	<b>1 January 2008 to 30 June 2008</b>
<b>Earnings per income statement (£'000)</b>	<b>(6,484)</b>	<b>(4,282)</b>	<b>1,572</b>	<b>2,088</b>
<b>Basic and diluted earnings pence per share</b>	<b>(9.8)p</b>	<b>(6.3)p</b>	<b>2.1p</b>	<b>2.8p</b>
<b>Earnings per income statement £'000</b>	<b>(6,484)</b>	<b>(4,282)</b>	<b>1,572</b>	<b>2,088</b>
<b>Revaluation losses/(gains) on investment properties</b>	<b>4,263</b>	<b>3,831</b>	<b>(160)</b>	<b>(2,029)</b>
<b>Net loss on indirect property held at fair value</b>	<b>774</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax movement</b>	<b>(137)</b>	<b>(135)</b>	<b>128</b>	<b>460</b>
<b>Minority interest in the above</b>	<b>(1,073)</b>	<b>(961)</b>	<b>42</b>	<b>408</b>
<b>Adjusted earnings</b>	<b>(2,657)</b>	<b>1,547</b>	<b>1,454</b>	<b>927</b>
<b>Adjusted earnings pence per share</b>	<b>(4.0)p</b>	<b>(2.3)p</b>	<b>2.2p</b>	<b>1.2p</b>
<b>Weighted average number of ordinary shares (000's)</b>	<b>666,095</b>	<b>67,500</b>	<b>73,705</b>	<b>75,000</b>

The adjusted earnings are presented to provide what the Company believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

The 3,750,000 warrants issued to the Investment Manager (note 24) could potentially dilute basic earnings per share in the future.

The average share price over the year is lower than the exercise price of the warrants and therefore these are not currently considered dilutive.

The Company has bought back further shares subsequent to the period end (see note 25) and at 10 June 2010 the total voting rights following the purchase and cancellation of ordinary shares is 56,412,294.

## 12. Net asset value per share

	31 March 2010	30 September 2009	31 December 2008
Net asset value (£'000)	60,283	70,420	76,090
Less: Minority interests	-	(1,376)	(2,276)
Net asset value	60,283	69,044	73,814
Net asset value per share	105.8p	102.3p	109.4p
Net asset value (above)	60,283	69,044	73,814
Deferred tax (attributable to equity holders)	-	-	143
Net asset value (adjusted)	60,283	69,044	73,957
Net asset value per share (adjusted)	105.8p	102.3p	109.6p
Number of ordinary shares (000's)	56,962	67,500	67,500

The adjusted net assets are presented to provide what the Company believes is a more relevant assessment of the Group's net asset position as the Group's deferred tax liability is dependent on future events and the timing of these events.

## 13. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2010, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of share	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 1 Limited	Ordinary	100	Cyprus	Holding Company

Name of subsidiary undertaking	Class of share	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 4 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 5 Limited	Ordinary	100	Cyprus	Holding Company

During the period the Company effectively lost control in Vipul IT Infrastructure Pvt Ltd as detailed in note 23. The Company has made the following loans to subsidiary undertakings:

	31 March 2010 Interest bearing £'000	31 March 2010 non-interest bearing £'000	31 March 2010 Total £'000	31 December 2008 Interest bearing £'000	31 December 2008 Non-interest bearing £'000	31 December 2008 Total £'000
<b>Loan</b>	-	15,151	15,151	-	7,749	7,749
<b>Impairment</b>	-	(4,853)	(4,853)	-		
<b>Total</b>	-	10,298	10,298	-	7,749	7,749
<b>Current</b>	-	-	-	-	-	-
<b>Non-current</b>	-	10,298	10,298	-	7,749	7,749
<b>Total</b>	-	10,298	10,298	-	7,749	7,749

The Company has invested £12,818,465 for 86,997 redeemable preference shares of INR 1 each at a premium of INR 9,999 each in Alpha Tiger Cyprus Holdings Limited. The shares are redeemable at any time by the Company with each share being redeemed at the initial issue price. The shares carry no right to income. The terms of the preference shares cause the amounts to be included within loans to subsidiaries.

The Directors do not intend to request redemption of the preference shares within one year and accordingly these shares have been classified as a non-current amounts receivable from the subsidiary undertaking.

The remaining loans are unsecured, denominated in Sterling and do not attract interest. The loans are repayable on demand however the Directors do not intend to request repayment within the foreseeable future and accordingly these loans have been classified as non-current.

An impairment of £4.9 million (2008:£Nil) has been made against amounts receivable from subsidiary undertakings to reflect the net loss on property valuations which have arisen within the Group's investment in Vipul IT Infrastructure Pvt Ltd and the net loss on the Group's indirect property investments.

#### 14. Investment in joint ventures

Name	Country of Incorporation	31 March 2010 % held	31 December 2008 % held
LuxCo 111 Sarl	Luxembourg	51%	-
PASCO Software I Park Pvt Ltd	India	-	31.75%
IT Infrastructure Park Pvt Ltd	India	-	50%

On 22 February 2010 the Company sold its interest in PASCO Software I Park Pvt Ltd under the terms of the MOU signed on 24 February 2009.

The investment in IT Infrastructure Park Pvt Ltd was treated as a joint venture in the prior year; however the joint venture agreements were revised during the period. The revised agreements have led the Group's investment to be classified as an indirect property investment held at fair value.

The joint venture in LuxCo 111 Sarl group, the holding structure for the H2Ocio investment interest, has been proportionally consolidated. The following amounts have been recognised in the consolidated balance sheet and consolidated comprehensive statement of income in respect of this joint venture:

	31 March 2010 £'000	31 December 2008 £'000
Income	-	-
Net change in the revaluation of investment property	(389)	-
Expenses	(65)	-
Net result	(454)	-
Non-current assets	18,572	-
Current assets	23,021	-
Current liabilities	(897)	-

<b>Non-current liabilities</b>	<b>(17,167)</b>	<b>-</b>
<b>Net assets</b>	<b>23,539</b>	<b>-</b>

Within the Spanish special purpose vehicle that owns the H2Ocio investment property there is a bank account in which an amount of £4.5 million (€5 million) has been ring-fenced for future capital expenditure on the shopping centre. The Group's share of this account of £1.2 million is included in current assets above.

The joint venture co-investor in the LuxCo 111 Sarl group is Alpha Global Property Securities PTE Limited ('Alpha Global'), which is a 100% subsidiary of ARC, the Investment Manager. The Company owns 51% of share capital of LuxCo 111 Sarl which in turn owns 51% of the share capital of KMS Holdings BV (the remaining 49% is owned by Alpha Global). KMS Holdings BV owns 100% of the share capital of Alpha Tiger Spain 1 SL which is the owner of the H2Ocio shopping centre. This shareholding structure is referred to as the LuxCo 111 Sarl group above and the Company holds a 26% effective interest in this group.

On 31 March 2010, the Company entered into a shareholders' agreement in which the Company and Alpha Global would subscribe for further share capital in LuxCo 111 Sarl in proportion to their existing shareholdings. Under this agreement the Company's equity commitment is €13,825, representing its proportional contribution to the additional share capital of LuxCo 111 Sarl. As these arrangements are irrevocable and unconditional the cost of the share subscriptions is provided in the Company's other creditors (see note 19). The transaction has subsequently completed after the balance sheet date.

The Company has also entered into an option agreement dated 31 March 2010 giving the Company the right to acquire Alpha Global's investment for a pre-determined price (or fair value, if higher) before 31 December 2010.

## 15. Investment properties

	<b>Group 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>
<b>As at 1 January</b>	<b>16,134</b>	<b>-</b>
<b>Acquired during the period/year</b>	<b>18,962</b>	<b>3,975</b>
<b>Disposals during the period</b>	<b>(907)</b>	<b>-</b>
<b>Development costs incurred</b>	<b>3,908</b>	<b>9,997</b>
<b>Borrowing costs capitalized</b>	<b>793</b>	<b>273</b>
<b>Fair value adjustment in the period/year</b>	<b>(4,263)</b>	<b>160</b>
<b>Foreign exchange movements</b>	<b>(1,241)</b>	<b>1,729</b>
<b>De-recognised on loss of control of subsidiary (note 23)</b>	<b>(14,814)</b>	<b>-</b>
<b>As at March/31 December</b>	<b>18,572</b>	<b>16,134</b>

The investment property as at 31 March 2010 is the Group's proportionate share of the investment property (H2Ocio) held via the LuxCo 111 Sarl group. The property was acquired on 31 March 2010. As the transaction was completed on the balance sheet date, the fair value has been determined based upon the purchase price paid excluding acquisition costs.

#### 16. Indirect property investment at fair value

	<b>Group 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>
As at 1 January	-	-
Additions during the period/year	6,411	-
Net asset value of subsidiary reclassified on loss of control (note 23)	3,519	-
Fair value adjustment in the period/year	(774)	-
Effect of foreign exchange	1,158	-
As at 31 March/31 December	10,314	-

The indirect property investments represent the Company's interests in the Technova and Galaxia projects and the fair value has been determined by reference to the terms of the Settlement Agreement signed subsequent to the period end (see note 25).

#### 17. Categories of financial assets and liabilities

The indirect property investment at fair value is deemed to be level 3 financial assets under the fair value hierarchy. The fair value measurement of these liabilities is not based on observable market data. Details regarding the movement on these assets during the period and the fair value methodology are included in note 16.

	<b>Notes</b>	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>	<b>Company 31 December 2008 £'000</b>
<b>Non-current financial assets</b>					
<b>Financial assets at fair value through profit and loss</b>					
Indirect property investment at fair value*	16	10,314	-	-	-
Loans and receivable					
Amounts receivable from subsidiary undertakings	13	-	10,298	-	7,749
Trade and other receivables	18	9,237	12,496	-	-

	Notes	Group 31 March 2010 £'000	Company 31 March 2010 £'000	Group 31 December 2008 £'000	Company 31 December 2008 £'000
<b>Total non-current assets</b>		<b>19,551</b>	<b>22,794</b>	<b>-</b>	<b>7,749</b>
<b>Current Financial assets</b>					
<b>Loans and receivable</b>					
<b>Trade and other receivables</b>	<b>18</b>	<b>12,387</b>	<b>11,472</b>	<b>2,152</b>	<b>730</b>
<b>Cash and other equivalents</b>		<b>28,416</b>	<b>26,843</b>	<b>65,377</b>	<b>65,292</b>
<b>Total current financial assets</b>		<b>40,803</b>	<b>38,315</b>	<b>67,529</b>	<b>66,022</b>
<b>Total Financial Assets</b>		<b>60,354</b>	<b>61,109</b>	<b>67,529</b>	<b>73,771</b>
<b>Current financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
<b>Trade and other payables</b>	<b>19</b>	<b>(1,476)</b>	<b>(878)</b>	<b>(1,019)</b>	<b>(89)</b>
<b>Bank borrowings</b>	<b>20</b>	<b>(126)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total current financial liabilities</b>		<b>(1,602)</b>	<b>(878)</b>	<b>(1,019)</b>	<b>(89)</b>
<b>Non-current financial liabilities</b>					
<b>Bank borrowings</b>	<b>20</b>	<b>(17,041)</b>	<b>-</b>	<b>(6,411)</b>	<b>-</b>
<b>Total non-current financial liabilities</b>		<b>(17,041)</b>	<b>-</b>	<b>6,411</b>	<b>-</b>
<b>Total financial liabilities</b>		<b>(18,643)</b>	<b>(878)</b>	<b>(7,430)</b>	<b>(89)</b>

\*The indirect property investment at fair value is deemed to be level 3 financial assets under the fair value hierarchy. The fair value measurement of these liabilities is not based on observable market data. Details regarding the movement on these assets during the period and the fair value methodology are included in note 16.

## 18. Trade and other receivables

	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>	<b>Company 31 December 2008 £'000</b>
<b>Current</b>				
Accrued bank interest	5	5	133	133
VAT	2,957	-	-	-
Other debtors	1,036	132	2,019	597
Amount receivable from joint venture	8,389	11,335	-	-
<b>Total</b>	<b>12,387</b>	<b>11,472</b>	<b>2,152</b>	<b>730</b>
<b>Non-current</b>				
Amount receivable from joint venture	9,237	12,496		
<b>Total</b>	<b>9,237</b>	<b>12,496</b>		

Other debtors include an amount of £124k regarded as recoverable expenses from Xansa plc; £346k of previously recoverable costs has been written off in the period. No other trade and other receivables were impaired during the year. The Directors consider that the carrying amount of trade and other receivables approximate their fair value.

The amounts receivable from joint venture represent an acquisition VAT loan facility of £11.3 million (€12.7 million) and a Mezzanine loan of £12.5 million (€14 million) advanced by the Company; the Group receivable is shown after the proportionate consolidation of the joint venture group. The VAT loan is repayable on the refund of VAT from the Spanish Tax Authorities following the property acquisition on 31 March 2010 and is expected to be repaid within a year. The VAT loan accrues an interest of 2% over the three month Euribor; there is a charge over the VAT bank account into which the acquisition VAT will be refunded. The Mezzanine loan is repayable on 4 October 2017 (or earlier if the centre or shareholdings in the Spanish special purpose vehicle are sold) and accrues a fixed interest of 8% and in addition a variable interest of 10% of an adjusted EBITDA of the Spanish special purpose vehicle. The Mezzanine loan is subordinated to the senior bank debt (which is secured against the Spanish property, see note 20).

#### **19. Trade and other payables**

	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>	<b>Company 31 December 2008 £'000</b>



	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>	<b>Company 31 December 2008 £'000</b>
<b>Accruals</b>	<b>1,134</b>	<b>70</b>	<b>1,019</b>	<b>89</b>
<b>Investment Manager's fee payable</b>	<b>342</b>	<b>342</b>	<b>-</b>	<b>-</b>
<b>Other creditors</b>	<b>-</b>	<b>466</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,476</b>	<b>878</b>	<b>1,019</b>	<b>89</b>

The Group has financial management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximate their fair value. Included in the Company's other creditors is £466k relating to the irrevocable commitments under the shareholder agreement with Alpha Global and LuxCo 111 Sarl (see note 14).

## **20. Bank borrowings**

	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>	<b>Company 31 December 2008 £'000</b>
<b>Interest payable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bank borrowings</b>	<b>17,167</b>		<b>6,411</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,167</b>		<b>6,411</b>	<b>-</b>
<b>The borrowings are repayable as follows:</b>				<b>-</b>
<b>Interest payable</b>				<b>-</b>
<b>On demand or within one year</b>	<b>126</b>			<b>-</b>
<b>In the second to fifth years inclusive</b>	<b>504</b>			<b>-</b>
<b>After five years</b>	<b>16,537</b>			<b>-</b>
<b>Total</b>	<b>17,167</b>	<b>-</b>	<b>6,411</b>	<b>-</b>

Movements in the Group's bank borrowings are analysed as follows:

	<b>Group 31 March 2010 £'000</b>	<b>Group 31 December 2008 £'000</b>
<b>As at 1 January</b>	<b>6,411</b>	<b>-</b>
<b>Additional borrowings</b>	<b>21,801</b>	<b>5,723</b>
<b>Exchange differences on translation of foreign currencies</b>	<b>(644)</b>	<b>688</b>
<b>De-recognised on loss of control of subsidiary (note 23)</b>	<b>(10,401)</b>	<b>-</b>
<b>As at 31 March/31 December</b>	<b>17,167</b>	<b>6,411</b>

The closing balance of bank borrowings represent the Group's proportional interest in the syndicated loan finance provided to the property owning the Spanish special purpose vehicle in the LuxCo 111 Sarl group. The loan is provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekenbank and Landesbank Hessen-Thüringen Girozentrale). The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation as reflected in the repayment table above; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

Subsequent to the balance sheet date the Spanish property owning special purpose vehicle has entered into an interest rate cap under which the Euribor element of the interest charge is capped at 2.85% for the full term of the loan on €50 million of the principal borrowings of €75 million.

## 21. Share capital

<b>Authorised share capital</b>			<b>Number of shares</b>
<b>Ordinary shares of no par value</b>			<b>Unlimited</b>
<b>Issued share capital</b>	<b>Treasury</b>	<b>External</b>	<b>Total</b>
<b>At 1 January 2009</b>	<b>7,500,000</b>	<b>67,500,000</b>	<b>75,000,000</b>
<b>Shares cancelled following completion of tender offer</b>	<b>(1,170,857)</b>	<b>-</b>	<b>(1,170,857)</b>
<b>Shares bought back via tender offer</b>	<b>-</b>	<b>(10,537,706)</b>	<b>(10,537,706)</b>
<b>At 31 March 2010</b>	<b>6,329,143</b>	<b>56,962,294</b>	<b>63,291,437</b>

On 12 January 2010, the Company announced the results of a tender offer under which 10,537,706 shares were bought back by the Company and 1,170,857 of shares held in Treasury were cancelled. The 10,537,706 shares were acquired at a price of 72 pence per share. The total

amount paid to acquire the shares was £7.7 million including costs and has been deducted from the Company's special reserve within shareholders equity.

The Company has one class of ordinary share which carries no right to fixed income.

The Company has the right to reissue or cancel the remaining treasury shares at a later date.

Subsequent to the balance sheet date the Company announced a further buyback programme as detailed in note 25.

## **22. Reserves**

The movements in the reserves for the Group and the Company are shown on pages 126 and 130 respectively. Share Premium

On 12 January 2007 the Royal Court of Guernsey confirmed the reduction of capital by way of cancellation of the amounts standing to the credit of its share premium account on that date. The amount cancelled was credited to the special reserve.

### **Special reserve**

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey company law, including the buy-back of shares and payment of dividends.

### **Warrant reserve**

The warrant reserve contains the fair value of share-based payments in respect of the warrants issued to the Investment Manager but not exercised.

### **Translation reserve**

The translation reserve contains exchange differences arising on consolidation of the Group's overseas operations.

### **Capital reserve**

The capital reserve contains increases and decreases in the fair value of the Group's development properties, gains and losses on the disposal of properties gains and losses arising from indirect property investment at fair value together with expenses allocated to capital.

### **Revenue reserve**

Any surplus arising from net profit after tax is taken to this reserve, which may be utilised for the buy-back of shares and payment of dividends.

## **23. Loss of control of subsidiary**

On 8 February 2010, the Company announced that it had initiated arbitration proceedings under the terms of the shareholders agreements in place with Logix in relation to the Group's investment in Technova. This happened following a period of intense discussion between the parties which started in December 2009 regarding the progress of the development projects. On the basis of the last management reporting received from Logix as at 31 October 2009, the

Company effectively lost control of the Technova subsidiary at that point. As such, according to its accounting policy, the Group has consolidated Technova up to the point at which it lost control and subsequent to that date has reclassified its investment interest in the project as an indirect property investment held at fair value through profit and loss.

The following represents the relevant balances included in the financial statements up to the point of deconsolidation:

	£'000
<b>Income statement</b>	
<b>Net change in the revaluation of investment property</b>	<b>(3,873)</b>
<b>Operating costs</b>	<b>-</b>
<b>Taxation</b>	<b>137</b>
<b>Minority interest</b>	<b>1,046</b>
<b>Loss in income statement</b>	<b>(2,690)</b>
<b>Balance sheet</b>	
<b>Investment property (note 15)</b>	<b>14,814</b>
<b>Current assets</b>	<b>104</b>
<b>Cash</b>	<b>295</b>
<b>Current liabilities</b>	<b>(7)</b>
<b>Bank borrowings (note 20)</b>	<b>(10,401)</b>
<b>Minority interest</b>	<b>(1,286)</b>
<b>Net assets (note 16)</b>	<b>3,519</b>

## **24. Share based payments**

### **(a) Warrants**

The Company has issued warrants in a prior period to the Investment Manager pursuant to which it has been granted the right to subscribe for 3,750,000 ordinary shares in the Company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 21 December 2011. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. At 31 March 2010 no warrants had been exercised leaving 3,750,000 warrants outstanding and available for exercise.

The weighted average exercise price of outstanding warrants at 31 March 2010 was £1.00, with a weighted average remaining contractual life of 1.75 years.

### **(b) Share based payments**

The Company has not recognised any share based payment for the year ended 31 March 2010 (2008:£Nil).

**25. Events after the balance sheet date**

On 9 April 2010, the Company announced that, in accordance with its buyback authority, it had entered into irrevocable and non-discretionary arrangements with Panmure Gordon to repurchase within pre-set parameters shares in the Company commencing 11 April 2010 and ending 10 June 2010. Under this arrangement, 550,000 shares have been repurchased and cancelled at an average price of 65 pence per share and the total voting rights figure is now 56,412,294 (excluding treasury shares).

As announced on 28 May 2010, the Company signed a Settlement Agreement with Logix in relation to its Technova and Galaxia indirect property investments. Under the terms of this agreement the Company has sold its shareholding in the Technova project to Logix for INR 250 million (£3.7 million); the Company has received this consideration and no longer holds an interest in the project and as such is released from any future commitments to the project. The further terms of the agreement allow for a sale of the Galaxia project for a minimum return to the Company of INR 450 million based on obtaining at least a floor price of INR 850 million on sale of the property; this option is open for twelve months after which the Company's interest reverts to the pre-existing development agreement which for this period of twelve months, is temporarily suspended.

**26. 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. ARC is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20 per cent of any excess over an annualised TSR of 15 per cent subject to a rolling 3 year high water mark.

ARC, via its 100% subsidiary Alpha Global, has co-invested in the H2Ocio joint venture and the Shareholder Agreements and the Call Option arrangements are detailed in note 14.

The Investment Manager has a management agreement directly with the new H2Ocio property company, Alpha Tiger Spain 1 SL, under which it earns a fee of 0.9% per annum based upon the gross assets of Alpha Tiger Spain 1 SL. In order to avoid double counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Company's net asset value attributable to the H2Ocio investment.

Details of the Investment Manager's fees for the current period are disclosed on the face of the statement of comprehensive income and the balance payable at 31 March 2010 is provided in note 19.

The Investment Manager has also been issued warrants over the Company's ordinary share capital, further details of which are provided in note 24.

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2010:

	<b>31 March 2010</b> <b>Number of shares held</b>	<b>31 December 2008</b> <b>Number of shares held</b>
<b>ARRCO Limited*</b>	<b>22,075,000</b>	<b>n/a</b>
<b>IPGL Property Funds Limited**</b>	<b>3,010,000</b>	<b>3,000,000</b>
<b>Phillip Rose</b>	<b>239,695</b>	<b>200,000</b>
<b>Brad Bauman</b>	<b>55,006</b>	<b>50,000</b>
<b>Ronald Armist</b>	<b>500</b>	<b>-</b>
<b>Sir John Beckwith*</b>	<b>-</b>	<b>1,000,000</b>
<b>Mark Johnson</b>	<b>-</b>	<b>50,000</b>
<b>Simon Wilson</b>	<b>-</b>	<b>2,500</b>

\* ARRCO Limited's interest includes 22,075,000 shares held by a fellow group company, Antler Investment Holdings Limited. ARRCO Limited became a partner of the Investment Manager in June 2009 and was not a partner at the beginning of the period.

\*\* IPGL Property Funds Limited's interest includes 3,000,000 (Dec 08: 3,000,000) owned by a fellow group company, IPGL. Details of the Directors' fees and share interests in the Company are included in the Directors Report.

## **27. Financial instruments risk exposure and management**

In common with similar businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the

Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

### **Principal financial instruments**

The principal financial instruments used by the Group and Company from which financial instrument risk arises, are as follows:

- Indirect property investments at fair value
- Amount receivable from subsidiary undertaking
- Trade and other receivables

- Cash and cash equivalents
- Trade and other payables
- Bank borrowings

The Group and Company held no derivative instruments during the period ended 31 March 2010.  
General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The above financial instruments risk exposure and management policies apply equally to the Group and Company. Further details regarding these policies are set out below.

### **Project monitoring**

Projects are monitored through regular Project Control Meetings held with development partners to discuss progress and monitor risks. The Investment Manager attends these meetings and reports to the Board on a quarterly basis.

### **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

#### **(a) Group**

The Group's credit risk principally arises from cash and cash equivalents. The Group policy is to maintain its cash and cash equivalent balances with a number of financial institutions as a means of diversifying credit risk. The Group monitors the placement of cash balances on an ongoing basis and has policies to limit the amount of credit exposure to any financial institution.

#### **(b) Company**

The Company's credit risk principally arises from amounts due from subsidiary undertakings and cash and cash equivalents. The Company follows the same Group policy with regards to diversification of banking arrangements. Amounts receivable from subsidiaries are of a long term nature and the loans are monitored on a regular basis.

An impairment of £4.9 million (2008:£Nil) has been made against amounts receivable from subsidiary undertakings to reflect the net loss on property valuations which have arisen within the Group's investment in Vipul IT Infrastructure Pvt Ltd and the net loss on the Group's indirect property investments.

The Group and Company's maximum exposure to credit risk by class of financial instrument is shown below:

	<b>Group 31 Mar 2010 £'000</b>	<b>Group 31 Mar 2010 £'000</b>	<b>Company 31 Mar 2010 £'000</b>	<b>Company 31 Mar 2010 £'000</b>	<b>Group 31 Dec 2008 £'000</b>	<b>Group 31 Dec 2008 £'000</b>	<b>Company 31 Dec 2008 £'000</b>	<b>Company 31 Dec 2008 £'000</b>
<b>Maximum Exposure</b>	<b>Carrying Value</b>	<b>Maximum Exposure</b>	<b>Carrying Value</b>	<b>Maximum Exposure</b>	<b>Carrying Value</b>	<b>Maximum Exposure</b>	<b>Carrying Value</b>	<b>Maximum Exposure</b>
<b>Indirect property investment at fair value through P&amp;L</b>	<b>10,314</b>	<b>10,314</b>	-	-	-	-	-	-
<b>Amount receivable from subsidiary undertakings</b>	-	-	<b>10,298</b>	<b>10,298</b>	-	-	<b>7,749</b>	<b>7,749</b>
<b>Trade and other receivables</b>	<b>21,624</b>	<b>21,624</b>	<b>23,968</b>	<b>23,968</b>	<b>2,152</b>	<b>2,152</b>	<b>730</b>	<b>730</b>
<b>Cash and cash equivalents</b>	<b>28,416</b>	<b>28,416</b>	<b>26,843</b>	<b>26,843</b>	<b>65,377</b>	<b>65,377</b>	<b>65,292</b>	<b>65,292</b>
<b>Total</b>	<b>60,354</b>	<b>60,354</b>	<b>61,109</b>	<b>61,109</b>	<b>67,529</b>	<b>67,529</b>	<b>73,771</b>	<b>73,771</b>

### **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising these risks such as maintaining sufficient cash and other highly liquid current assets. Cash and cash equivalents are placed with financial institutions on a short term basis reflecting the Group's desire to maintain a high level of liquidity in order to enable timely completion of investment transactions.

#### **(a) Group**

The following table illustrates the contractual maturity analysis of the Group's financial liabilities:



<b>31 March 2010</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>	<b>5-10 years £'000</b>	<b>Over 10 years £'000</b>	<b>Total £'000</b>
<b>Trade and other payables</b>	<b>1,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,476</b>
<b>Bank borrowings</b>	<b>-</b>	<b>126</b>	<b>504</b>	<b>16,537</b>	<b>-</b>	<b>17,167</b>
<b>Total</b>	<b>1,476</b>	<b>126</b>	<b>504</b>	<b>16,537</b>		<b>18,643</b>
<b>31 December 2008</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>	<b>5-10 years £'000</b>	<b>Over 10 years £'000</b>	<b>Total £'000</b>
<b>Trade and other payables</b>	<b>1,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,019</b>
<b>Bank borrowings</b>	<b>-</b>	<b>1,282</b>	<b>1,923</b>	<b>3,206</b>	<b>-</b>	<b>6,411</b>
<b>Total</b>	<b>1,019</b>	<b>1,282</b>	<b>1,923</b>	<b>3,206</b>	<b>-</b>	<b>7,430</b>

**(b) Company**

The Company only has trade and other payables which are payable within one year.

**Market risk**

**(a) Foreign exchange risk**

The Group operates in India and Spain and is exposed to foreign exchange risk arising from currency exposures with respect to Indian Rupees and Euros. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The tables below summarise the Group's and Company's exposure to foreign currency risk at 31 March 2010 and 31 December 2008. The Group's and Company's assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

	<b>Group 31 Mar 2010 £'000</b>	<b>Group 31 Mar 2010 £'000</b>	<b>Group 31 Mar 2010 £'000</b>	<b>Group 31 Mar 2010 £'000</b>	<b>Company 31 Dec 2008 £'000</b>	<b>Company 31 Dec 2008 £'000</b>	<b>Company 31 Dec 2008 £'000</b>	<b>Company 31 Dec 2008 £'000</b>
	<b>INR</b>	<b>€</b>	<b>£</b>		<b>INR</b>	<b>€</b>	<b>£</b>	
<b>Current financial assets</b>								
<b>Trade and other receivables</b>	<b>26</b>	<b>12,224</b>	<b>137</b>	<b>12,387</b>	<b>-</b>	<b>11,335</b>	<b>137</b>	<b>11,472</b>
<b>Cash and cash equivalents</b>	<b>12</b>	<b>1,561</b>	<b>26,843</b>	<b>28,416</b>	<b>-</b>	<b>-</b>	<b>26,843</b>	<b>26,843</b>
<b>Non-current financial assets</b>								

	Group 31 Mar 2010 £'000	Group 31 Mar 2010 £'000	Group 31 Mar 2010 £'000	Group 31 Mar 2010 £'000	Company 31 Dec 2008 £'000	Company 31 Dec 2008 £'000	Company 31 Dec 2008 £'000	Company 31 Dec 2008 £'000
Amounts receivable from subsidiary undertakings	-	-	-	-	7,967	-	2,331	10,298
Trade and other receivables	-	9,237	-	9,237	-	12,496	-	12,496
Indirect property investments at fair value	10,314	-	-	10,314	-	-	-	-
Total financial assets	10,352	23,022	26,980	60,354	7,967	23,831	29,311	61,109
Current financial liabilities								
Trade and other payables (excluding deferred income)	-	(758)	(412)	(1,170)	-	(466)	(412)	(878)
Bank borrowings	-	(126)	-	(126)	-	-	-	-
Non-current financial liabilities								
Bank Borrowings	-	(17,041)	-	(17,041)				
Total Financial liabilities	-	(17,925)	(412)	(18,337)	-	(466)	(412)	(878)
Net balance sheet currency position	10,352	5,097	26,568	42,017	7,967	23,365	28,899	60,231

	Group 31 Dec 2008 £'000	Group 31 Dec 2008 £'000	Group 31 Dec 2008 Total £'000	Company 31 Dec 2010 £'000	Company 31 Dec 2008 £'000	Company 31 Dec 2008 Total £'000
	INR			INR	£	
Current financial assets						

	<b>Group 31 Dec 2008 £'000</b>	<b>Group 31 Dec 2008 £'000</b>	<b>Group 31 Dec 2008 Total £'000</b>	<b>Company 31Dec 2010 £'000</b>	<b>Company 31 Dec 2008 £'000</b>	<b>Company 31 Dec 2008 Total £'000</b>
<b>Trade and other receivables</b>	<b>1,422</b>	<b>730</b>	<b>2,152</b>	<b>-</b>	<b>730</b>	<b>730</b>
<b>Cash and cash equivalents</b>	<b>85</b>	<b>65,292</b>	<b>65,377</b>	<b>-</b>	<b>65,292</b>	<b>65,292</b>
<b>Non-current financial assets</b>						
<b>Amounts receivable from subsidiary undertakings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,833</b>	<b>1,916</b>	<b>7,749</b>
<b>Total financial assets</b>	<b>1,507</b>	<b>66,022</b>	<b>67,529</b>	<b>5,833</b>	<b>67,938</b>	<b>73,771</b>
<b>Current financial liabilities</b>						
<b>Trade and other payables (excluding deferred income)</b>	<b>(930)</b>	<b>(89)</b>	<b>(1,019)</b>	<b>-</b>	<b>(89)</b>	<b>(89)</b>
<b>Non-current financial liabilities</b>						
<b>Bank borrowings</b>	<b>(6,411)</b>	<b>-</b>	<b>(6,411)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>(7,341)</b>	<b>(89)</b>	<b>(7,430)</b>	<b>-</b>	<b>(89)</b>	<b>(89)</b>
<b>Net balance sheet currency position</b>	<b>(5,834)</b>	<b>65,933</b>	<b>60,099</b>	<b>5,833</b>	<b>67,849</b>	<b>73,682</b>

The Group does not currently hedge its foreign currency exposure. The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its Risk Management review.

For the Group, a strengthening of the Indian Rupee by 5 Rupees would increase the net assets by £823,000 (2008:£758,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £710,000 (2008:£660,000). A strengthening of the Euro by 5 cents would increase the net assets by £238,000 (2008:£Nil). A weakening of the Euro by 5 cents would decrease net assets by £218,000 (2008:£Nil).

For the Company, a strengthening of the Indian Rupee by 5 Rupees would increase the net assets by £634,000 (2008:£435,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £547,000

(2008:£379,000). A strengthening of the Euro by 5 cents would increase the net assets by £1,091,000 (2008:£Nil). A weakening of the Euro by 5 cents would decrease net assets by £998,000 (2008:£Nil).

## 27b. Cash flow and fair value interest rate risk

The Group and Company interest rate risk arises from the following financial assets and liabilities.

Interest Rate Profile	Weighted average interest rate			
As at 31 December 2008	Group %	Group £'000	Company %	Company £'000
<b>Amounts receivable from subsidiary undertakings</b>				
Non-interest bearing	-	-	-	10,298
<b>Trade and other receivables</b>				
Non-interest bearing	-	3,998	-	137
Fixed	8.0	9,237	8.0	12,496
Variable	2.7	8,389	2.7	11,335
<b>Cash and cash equivalents</b>				
Variable	0.6	28,416	-	26,843
<b>Financial liabilities carried at amortised cost</b>				
<b>Trade and other payables</b>				
Non-interest bearing	-	1,476	-	878
<b>Bank borrowings</b>				
Variable	3.7	17,167	-	-

Interest Rate Profile	Weighted average interest rate			
As at 31 March 2010	Group %	Group £'000	Company %	Company £'000
<b>Amounts receivable from subsidiary undertakings</b>				
Non-interest bearing	-	-	-	7,476
<b>Trade and other receivables</b>				
Non-interest bearing	-	2,152	-	730
<b>Cash and cash equivalents</b>				

<b>Interest Rate Profile</b>	<b>Weighted average interest rate</b>			
<b>Variable</b>	<b>1.9</b>	<b>65,377</b>	<b>1.9</b>	<b>65,292</b>
<b>Financial liabilities carried at amortised cost</b>				
<b>Trade and other payables</b>				
<b>Non-interest bearing</b>	<b>-</b>	<b>1,019</b>	<b>-</b>	<b>89</b>
<b>Bank borrowings</b>				
<b>Variable</b>	<b>12.9</b>	<b>6,411</b>		

The Group and Company's cash flow is periodically monitored by the Board.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, changes in interest rate and changes in market value.

For the Group, an increase of 100 basis points in interest rates would result in an increase in post-tax profits of £196,000 (2008:£590,000).

A decrease of 100 basis points in interest rates would result in a decrease in post tax profits of £191,000 (2008:£590,000)

For the Company, an increase of 100 basis points in interest rates would result in an increase in post-tax profits of £382,000 (2008:£653,000).

A decrease of 100 basis points in interest rates would result in a decrease in post tax profits of £382,000 (2008:£653,000).

**(c) Price risk**

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The terms of the agreement in relation to the Galaxia project provides for a minimum return of INR 450 million on a minimum price achieved of INR 850 million. If the minimum price is not achieved then the pre-existing agreement on the development of the project will resume; the terms of the pre-existing agreement provide for a minimum return of INR 450 million and an additional preferred return.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## 28. Commitments

The Group had the following commitments under its shareholders agreements for the Group undertakings.

	Group	Group
	2010	2008
	£'000	£'000
Capital Commitments		47,300

## **7. INDEPENDENT REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

### **To the members of Alpha Tiger Property Trust Limited by BDO Novus Limited, Chartered Accountants, Place du Pre, Rue du Pre, St Peter Port, Guernsey, 26 November 2009**

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the nine months ended 30 September 2009 which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

#### **Directors' responsibilities**

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 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 financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect to interim financial reporting in accordance with applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### **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 for use in the United Kingdom. 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 financial report for the nine months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34, applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

**BDO Novus Limited**

Chartered Accountants

Place du Pré, Rue du Pré, St Peter Port, Guernsey

26 November 2009



8. UNAUDITED INTERIM FINANCIAL STATEMENTS FOR PERIOD ENDED 30 SEPTEMBER 2009

		For the nine months ended 30 September 2009			For the six months ended 30 June 2008		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total
<b>Income</b>							
Net change in revaluation of investment properties		--	(3,831)	(3,831)	--	2,029	2,029
Revenue		--	--	--	--	--	--
<b>Total income</b>		<b>--</b>	<b>(3,831)</b>	<b>(3,831)</b>		<b>2,029</b>	<b>2,029</b>
<b>Expenses</b>							
Investment manager's fee		(1,021)	--	(1,021)	(751)	--	(751)
Other administration costs		(849)	--	(849)	(425)	--	(425)
<b>Total operating expenses</b>		<b>(1,870)</b>	<b>--</b>	<b>(1,870)</b>	<b>(1,176)</b>	<b>--</b>	<b>(1,176)</b>
<b>Operating (loss)/profit</b>		<b>(1,870)</b>	<b>(3,831)</b>	<b>(5,701)</b>	<b>(1,176)</b>	<b>2,029</b>	<b>853</b>
Finance income	5	381	--	381	2,051	--	2,051
Finance costs	6	--	--	--	(15)	--	(15)
<b>(Loss)/profit before taxation</b>		<b>(1,489)</b>	<b>(3,831)</b>	<b>(5,320)</b>	<b>860</b>	<b>2,029</b>	<b>2,889</b>
Taxation	7	(58)	135	77	--	(460)	(460)
<b>(Loss)/profit for the period</b>		<b>(1,547)</b>	<b>(3,696)</b>	<b>(5,243)</b>	<b>860</b>	<b>1,569</b>	<b>2,429</b>
<b>Other comprehensive income</b>							
Foreign exchange loss on translation of foreign operations (translation reserve)		--	(488)	(488)	--	(474)	(474)
<b>Other comprehensive (loss)/income for the period</b>		<b>--</b>	<b>(488)</b>	<b>(488)</b>	<b>--</b>	<b>(474)</b>	<b>(474)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(1,547)</b>	<b>(4,184)</b>	<b>(5,731)</b>	<b>860</b>	<b>1,095</b>	<b>1,955</b>
<b>(Loss)/profit attributable to:</b>							
Owners of the parent		(1,547)	(2,735)	(4,282)	927	1,161	2,088
Minority Interests		--	(961)	(961)	(67)	408	341
		<b>(1,547)</b>	<b>(3,696)</b>	<b>(5,243)</b>	<b>860</b>	<b>1,569</b>	<b>2,429</b>
<b>Total comprehensive (loss) / income attributable to:</b>							
Owners of the parent		(1,547)	(3,223)	(4,770)	927	687	1,614
Minority interests		-	(961)	(961)	(67)	408	341
		<b>(1,547)</b>	<b>(4,184)</b>	<b>(5,731)</b>	<b>860</b>	<b>1,095</b>	<b>1,995</b>
<b>Earnings per share – basic &amp; diluted</b>	8			<b>(6.3)p</b>			<b>2.8p</b>
<b>Adjusted earnings per share</b>	8			<b>(2.3)p</b>			<b>1.2p</b>

All items in the above statement derive from continuing operations

The accompanying notes on page 177 to 187 are an integral part of this statement.

		<b>30 September 2009</b>	<b>31 December 2008</b>
	Notes	£'000	£'000
<b>Non-current assets</b>			
Investment properties	10	15,589	16,134
<b>Current assets</b>			
Trade and other receivables	11	1,027	2,152
Cash and cash equivalents		64,394	65,377
		<b>65,421</b>	<b>67,529</b>
<b>Total assets</b>		<b>81,010</b>	<b>83,663</b>
<b>Current liabilities</b>			
Trade and other payables	12	(510)	(1,019)
<b>Total assets less current liabilities</b>		<b>80,500</b>	<b>82,644</b>
<b>Non-current liabilities</b>			
Bank borrowings	13	(10,080)	(6,411)
Deferred tax			(143)
		<b>(10,080)</b>	<b>(6,411)</b>
<b>Total liabilities</b>		<b>(10,590)</b>	<b>(7,573)</b>
<b>Net assets</b>		<b>70,420</b>	<b>76,090</b>
<b>Equity</b>			
Share capital	14	--	--
Share premium		--	--
Special reserve		69,445	69,445
Warrant reserve		40	40
Translation reserve		2	490
Capital reserve		(2,817)	(82)
Revenue reserve		2,374	3,921
<b>Equity attributable to the equity holders of the parent</b>		<b>69,044</b>	<b>73,814</b>
Minority interests		1,376	2,276
<b>Total equity</b>		<b>70,420</b>	<b>76,090</b>
<b>Net asset value per share</b>	9	<b>102.3</b>	<b>109.4</b>
<b>Net asset value per share (adjusted)</b>	9	<b>102.3</b>	<b>109.6</b>

The Interim Financial statements were approved by the Board of Directors and authorised for issue on 26 November 2009.

They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 177 to 187 form an integral part of this statement.

	For the nine months ended 30 September 2009	For the six months ended 30 June 2008
	£'000	£'000
<b>Operating activities</b>		
(Loss)/Profit for the period	(5,243)	2,429
<b>Adjustments for:</b>		
Net change in revaluation of investment property	3,831	(2,029)
Deferred taxation	(135)	460
Finance income	(381)	(2,051)
Finance costs	--	15
<b>Operating cash flows before movements in working capital</b>	<b>(1,928)</b>	<b>(1,176)</b>
Movements in working capital		
Decrease/(increase) in operating trade and other receivables	2,049	(981)
Decrease in operating trade and other payables	(807)	(991)
<b>Cash used in operations</b>	<b>(686)</b>	<b>(3,148)</b>
Interest received	381	1,898
Finance cost paid	--	(15)
Taxation	58	--
<b>Cash flows used in operating</b>	<b>(247)</b>	<b>(1,265)</b>
<b>Investing Activities</b>		
Cash acquired on acquisition of subsidiary	--	18
Property development expenditure	(4,262)	(5,560)
Project deposit	(586)	--
<b>Cash flows used in investing activities</b>	<b>(4,848)</b>	<b>(5,542)</b>
<b>Financing activities</b>		
Bank loans advanced	4,118	1,113
Share issue costs	--	(29)
<b>Cash flows from financing activities</b>	<b>4,118</b>	<b>1,084</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(977)</b>	<b>(5,723)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>65,377</b>	<b>74,104</b>
Exchange translation movement	(6)	97
<b>Cash and cash equivalent at end of period</b>	<b>64,394</b>	<b>68,478</b>

The accompanying notes on pages 177 to 187 form an integral part of this statement.

For the nine months ended 30 September 2009	Share capital	Share premium	Special reserves	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Equity attributable to owners of the parent	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Changes in equity for the period</b>										
<b>At January 2009</b>	--	--	69,445	40	490	(82)	3,921	73,814	2,276	76,090
Total comprehensive (loss) /income for the period	--	--	--	--	(488)	(2,735)	(1,547)	(4,770)	(961)	(5,731)
Net assets attributable to minority interest	--	--	--	--	--	--	--	--	61	61
<b>At 30 September 2009</b>	--	--	69,445	40	2	(2,817)	2,374	69,044	1,376	70,420

For the six months ended 30 June 2009	Share capital	Share premium	Special reserves	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Equity attributable to owners of the parent	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At January 2008</b>	--	--	72,031	40	--	--	2,267	74,338	--	74,338
Total comprehensive (loss) /income for the period	--	--	--	--	(474)	(1161)	(927)	(1614)	(341)	(1955)
Share issue costs	--	--	(29)	--	--	--	--	(29)	--	(29)
Net assets attributable to minority interest	--	--	--	--	--	--	--	--	1,844	1,844
<b>At 30 June 2008</b>	--	--	72,002	40	(474)	1,161	3,194	75,923	2,185	78,108

The accompanying notes on pages 177 to 187 are an integral part of this statement.

## 1. General information

The Company is a limited liability, closed-ended investment Company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. These financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which the investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currency is Indian Rupees. The presentational currency of the Group is Sterling. The period-end exchange rate used is £1:INR 76.97 (December 2008: £1:INR 71.99) and the average rate for the period used is £1:INR 76.33 (June 2008: £1:INR 80.00). The address of the registered office is given on page 32<sup>5</sup>. The nature of the Group's

<sup>5</sup> Please note that this was a reference in these accounts. See page 18 for details of the Company's registered office.

operations and its principal activities are set out in the Chairman's Statement on pages 3 to 7<sup>6</sup>. The interim financial statements were approved and authorised for issue on 26 November 2009 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

## **2. Change in year end**

The Company has changed its accounting year end from 31 December to 31 March to align itself with the Indian accounting year where its investments are located. The interim condensed financial statements are made up for the period from 1 January 2009 to 30 September 2009 and the full year's results will cover a fifteen month period until 31 March 2010.

## **3. Significant accounting policies**

The unaudited condensed financial information included in the interim report for the nine months ended 30 September 2009, have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. This interim report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

With the exception of the new and revised standards adopted as discussed below, the same accounting policies and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008, which are available on the Company's website ([www.alphatigerpropertytrust.com](http://www.alphatigerpropertytrust.com)).

The preparation of the interim condensed financial statements requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the condensed interim financial statements. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the interim condensed financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

### **Adoption of new and revised Standards and Interpretations**

#### **New Standards**

IFRS 8: Operating Segments

#### **Revised and amended Standards**

IFRS 1: First time Adoption of International Financial Reporting Standards – Amendments relating to cost of an investment on first-time adoption

IFRS 2: Share-based Payment – Amendment relating to vesting conditions and cancellations

IFRS 7: Financial Instruments Disclosures – Amendments enhancing disclosures about fair value and liquidity risk

IAS 1: Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income

IAS 1: Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation

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<sup>6</sup> Please note that this was a reference in the accounts. This chairman's statement is not included in these accounts but please see the summary of the investments held by the Company at Part II.

IAS 1: Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 16: Property, Plant and Equipment Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 19: Employee Benefits Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 20: Government Grants and Disclosure of Government Assistance Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 23: Borrowing Costs – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 23: Borrowing Costs – Comprehensive revision to prohibit immediate expensing

IAS 27: Consolidated and Separate Financial Statements – Amendments relating to cost of an investment on first time adoption

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 28: Investments in Associates – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 29: Financial Reporting in Hyperinflationary Economies – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 31: Interests in Joint Ventures – Amendments resulting from May 2008 Annual Improvements to IFRS

#### **4. Significant accounting policies (continued)**

IAS 32: Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation

IAS 36: Impairment of assets - Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 38: Intangible Assets - Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 41: Agriculture – Amendments resulting from May 2008 Annual Improvements to IFRS

#### **Interpretations**

IFRIC 15: Agreements for the Construction of Real Estate

IFRIC 16: Hedges of a Net investment in a Foreign Operation

With the exception of IAS 1, as discussed below, the adoption of these standards and interpretations did not have material impact on the financial statements of the Group.

IAS 1 (revised), ‘Presentation of financial statements’ (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to present the statement of comprehensive income.

Application of IAS 1 (revised) did not impact on the Net Assets or Income for period ended 30 September 2009. Apart from formatting and the titles of primary statements there have been no other changes.

### **Basis of consolidation**

#### **(a) Subsidiaries**

The consolidated financial statements incorporate the results of the Company and the special purpose vehicles controlled by the Company, made up to the period 30 September 2009. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

The results of special purpose vehicles acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

When necessary, adjustments are made to the financial statements of special purpose vehicles to bring the accounting policies used into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### **(b) Minority interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original investment and the minority's share of changes in equity since the date of the investment. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

#### **(c) Joint ventures**

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of these entities assets, liabilities, income and expenses on a line by line basis from the date on which joint control commences to the date to which joint control ceases.

### **Investment property**

Property that is being constructed or developed for future use as investment property is stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification has valued the portfolio at 30 September 2009. The fair values are based on the market values being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction where the parties had each acted knowledgeably, prudently and without compulsion. The fair values include adjustments to remove the fair value of construction which has yet to take place and making reasonable assumptions regarding expected rentals and costs.

Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise. Properties are treated as acquired when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer.

### **Significant accounting policies (continued)**

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures qualifying as acquisition costs are capitalised.

The acquisition of a corporate vehicle, whose only activity is that of holding the targeted property, is accounted for based on the substance of the transaction. The Directors consider the substance of such transactions to be property acquisitions as opposed to a business combination under IFRS 3.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

### **Significant accounting estimates and judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(d) Accounting for acquisitions**

##### **(i) Vipul IT Infrastructure Pvt. Ltd (Technova)**

The Group acquired 5% of the voting capital of Vipul IT Infrasoft Pvt. Ltd. (Vipul) for GBP £0.2 million (INR 17 million). In addition to the equity invested, the Group also invested GBP £4.8 million (INR 383 million) in Fully Convertible Debentures (FCD's) which attract an interest rate of 13.56%. The agreement provides for the Group to increase its equity interest to 74% on completion of the development property. Consideration for this increase will be settled by the conversion of the FCD's, including accrued interest and an additional payment based on a pre-determined formula.

The agreements that have been entered into give the Group control over most of the major decisions and as a result, in the opinion of the Directors, the Company effectively controls Vipul. Accordingly, Vipul has been consolidated based on 74% ownership with a liability for the additional payment being provided for where appropriate to the valuation basis.

The consideration payable in respect of the acquisition is dependent upon certain future events. In calculating the acquisition price the Directors have assessed the most probable outcome as at the balance sheet date. In making this assessment the Directors make certain assumptions based on reports and advice from Colliers International (Hong Kong) Limited. The Directors have reviewed the consideration payable as at 30 September 2009 and on current assumptions have concluded that there are no outstanding liabilities in respect of this acquisition.

##### **(ii) Pasco Software I Park Pvt. Ltd (Technika)**

The Shareholders agreement includes a clause which states that in the event that it is decided to sell the Technika project prior to its completion, the proceeds from such sale shall be distributed to the partners, after repayment of any third party debt, in the ratio of their invested capital. It further provides that for the purpose of such distributions, the promoters' invested capital shall be deemed to be INR 800 million.

Following on from this clause, a Memorandum of Understanding ("MoU") has been signed by all parties which gives consent for the promoter to seek a buyer for a period until 4 December 2009 and confirms that the Company will allow the sale to go ahead subject to:



- Receiving INR 69 million; and
- Having the right of first refusal to purchase the property at the offer price.

Accordingly, the Directors have restricted their share of the joint venture's assets in the consolidation to INR 69 million. Should the sale not go ahead within this period then the MoU will expire and the previous agreement will continue in full. In addition, should the selling price exceed INR 800 million, the excess over and above the INR 800 million will be distributed between the joint venture partners as per the shareholders agreement.

### **Significant accounting estimates and judgements (continued)**

#### **(iii) Business combinations**

Significant judgement is required when determining the appropriate method of accounting for acquisitions of shares of a company owning property or land. In the opinion of the Directors, none of the acquisitions during the year qualified as a business combination under the definition of IFRS 3 as the acquired entities did not carry out any trade other than ownership of the targeted development land. Accordingly these have been accounted for as direct purchases of development property and associated net assets, without any recognition of goodwill on the acquisitions.

#### **(e) Estimate of fair value of investment properties**

##### **(i) Technova**

The Investment Manager engages the services of Colliers International (Hong Kong) Limited to assist in its assessment of the fair value of investment properties. The valuations are prepared in accordance with generally accepted international valuation methods and procedures. Any assumptions and estimates made by the valuer are reviewed by the Board and the Investment Manager for their reasonableness.

Such estimates are inherently subjective and actual values can only be determined in a sales transaction. The fair value of the Technova property at 30 September 2009 was £14.7 million (INR 1,132 million).

##### **(ii) Technika**

This property has been included within the financial statements based on the net return that the group will receive under the Memorandum of Understanding ("MoU") discussed in note 4 a) ii) above. The MoU provides for a net return of £0.9 million (INR 69 million) of which £0.9 million (INR 68.4 million) has been allocated to the Company's share in the property.

#### **(f) Deferred taxation**

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

## 5. Finance income

	For the nine months ended 30 September 2009	For the six months ended 30 June 2008
	£'000	£'000
Bank interest received	381	2,051
<b>Total</b>	<b>381</b>	<b>2,051</b>

## 6. Finance costs

	For the nine months ended 30 September 2009	For the six months ended 30 June 2008
	£'000	£'000
Bank loan interest	784	20
Interest capitalised	(784)	(5)
<b>Total</b>	<b>--</b>	<b>15</b>

## 7. Taxation

	For the nine months ended 30 September 2009	For the six months ended 30 June 2008
	£'000	£'000
Current Tax	(58)	--
Deferred Tax	135	(460)
<b>Total</b>	<b>77</b>	<b>(460)</b>

The Company is exempt from Guernsey taxation on income derived outside Guernsey and bank interest earned in Guernsey under Income Tax (Exempt bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. Deferred taxation has been calculated in accordance with IFRS.

Current tax reflects taxation incurred in Cyprus. Deferred tax is provided for capital gains and losses arising in India.

## 8. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	For the nine months ended 30 September 2009	1 January 2008 to 30 June 2008
	£'000	£'000
<b>Earnings per income statement (£'000)</b>	<b>(4,282)</b>	<b>2,088</b>
<b>Basic earnings per share</b>	<b>(6.3)p</b>	<b>2.8p</b>
<b>Earnings per income statement (£'000)</b>	<b>(4,282)</b>	<b>2,088</b>
Revaluation losses/(gains) on investment properties	3,831	(2,029)
Deferred tax movement	(135)	460
Minority interest in the above	(961)	408
<b>Adjusted earnings</b>	<b>(1,547)</b>	<b>927</b>
<b>Adjusted earnings per share</b>	<b>(2.3)p</b>	<b>1.2p</b>
<b>Weighted average number of ordinary shares (000's)</b>	<b>67,500</b>	<b>75,000</b>

The 3,750,000 warrants issued to the Investment Manager could potentially dilute basic earnings per share in the future.

The average share price over the year is lower than the exercise price of the warrants and therefore these are not currently considered dilutive.

The adjusted earnings are presented to provide what the Company believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

## 9. Net asset value per share

	30 September 2009	31 December 2008
	£'000	£'000
<b>Net asset value (£'000)</b>	<b>70,420</b>	<b>76,090</b>
Less: Minority interests	(1,376)	(2,276)
<b>Net asset value</b>	<b>69,044</b>	<b>73,814</b>
<b>Net asset value per share</b>	<b>102.3p</b>	<b>109.4p</b>
<b>Net asset value (above)</b>	<b>69,044</b>	<b>73,814</b>
Deferred tax (attributable to equity holders)	--	143
<b>Net asset value (adjusted)</b>	<b>69,044</b>	<b>73,957</b>
<b>Net asset value per share (adjusted)</b>	<b>102.3p</b>	<b>109.6p</b>
<b>Number of ordinary shares (000's)</b>	<b>67,500</b>	<b>67,500</b>

The adjusted net assets are presented to provide what the Company believes is a more relevant assessment of the Group's net asset position as the Group's deferred tax liability is dependent on future events and the timing of these events.

## 10. Investment Properties

	30 September 2009	31 December 2008
	£'000	£'000
<b>Market value of investment properties at 1 January 2009/2008</b>	<b>16,134</b>	<b>--</b>
Acquired during the period/year	--	3,975
Development costs incurred in the period/year	3,550	9,997
Borrowing costs capitalised in the period/year	784	273
Fair value adjustment in the period/year	(3,831)	160
Foreign exchange movements	(1,048)	1,729
<b>Market value of investment properties at period/year end</b>	<b>15,589</b>	<b>16,134</b>

For Technova the fair value of the investment property at 30 September 2009 has been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited, independent valuers. The valuation has been carried out in accordance with the RICS Valuation Standards (6th Edition) published by the Royal Institute of Chartered Surveyors.

The Technova property has been pledged to secure development banking facilities (note 13).

The value of Technika property has been based on the expected return on the probable sale discussed in note 4 b) ii).

## 11. Trade and other receivables

	30 September 2009	31 December 2008
	£'000	£'000
Accrued bank interests	57	133
Other debtors	970	2,019
<b>Total</b>	<b>1,027</b>	<b>2,152</b>

No receivables were impaired during the period. The Directors consider that the carrying amount of trade and other receivables approximate their fair value.

## 12. Trade and other payables

Current	30 September 2009	31 December 2008
	£'000	£'000
Accruals	157	1,019
Investment manager fees payable	353	--
<b>Total</b>	<b>510</b>	<b>1,019</b>

Accruals include amounts payable for project related costs. The Group has financial management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximate their fair value.

## 13. Bank Borrowings

	30 September 2009	31 December 2008
	£'000	£'000
Bank borrowings	10,080	6,411

Development loan facilities of £13.0 million (INR 1,000 million) have been entered into by Vipul IT Infrasoftware Pvt. Ltd (Vipul). These facilities are with Indian banks and carry an interest rate equal to the domestic Prime Lending Rate (PLR) plus a margin of 0.25%. The loans drawn down are repayable over 40 equal instalments beginning September 2010 and have a tenure of 12 years. The loans are secured over the land and assets of Vipul. The undrawn committed facilities available at 30 September 2009 in respect of this loan was £2.9 million (INR 222 million).

## 14. Share capital

	Number of shares	Number of shares	Number of shares
Authorised			
Ordinary shares of no par value			Unlimited
Issued	Treasury	External	Total
At 31 December 2008 and 30 September 2009	7,500,000	67,500,000	75,000,000

The Company acquired 7,500,000 of its own shares through purchases on AIM on 29 October 2008 at a price of 34p per share. The shares are held as "Treasury Shares". The Company has the right to reissue or cancel the shares at a later date. None of the Treasury Shares have been reissued or cancelled as at 30 September 2009.

The Company has one class of ordinary share which carries no right to fixed income.

## **15. Share based payments**

### **(a) Warrants**

The Company has issued warrants in a prior period to the Investment Manager pursuant to which it has been granted the right to subscribe for 3,750,000 ordinary shares in the Company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 21 December 2011. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. At 30 September 2009 no warrants had been exercised leaving 3,750,000 warrants outstanding and available for exercise.

The weighted average exercise price of outstanding warrants at 30 September 2009 was £1.00, with a weighted average remaining contractual life of 2.4 years.

### **(b) Share based payments**

The Company has not recognised any share based payment for the period ended 30 September 2009.

## **16. 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. Alpha Real Capital LLP is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2% of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20% of any excess over an annualised TSR of 15% subject to a rolling 3 year high water mark.

Details of the Investment Manager's fees for the current period are disclosed on the face of the income statement and the balance payable at 30 September 2009 is provided in note 12.

The Investment Manager has also been issued warrants over the Company's ordinary share capital, further details of which are provided in note 15.

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 30 September 2009:

	<b>Number of ordinary shares 30 September 2009</b>	<b>Number of ordinary shares 31 December 2008</b>
Sir John Beckwith*	1,493,381	1,000,000
Phillip Rose	239,695	200,000
Mark Johnson	56,187	50,000
Brad Bauman	55,006	50,000
Simon Wilson	4,631	2,500
Ronald Armist	500	--
IPLG Property Funds Limited**	3,010,100	3,000,000
ARRCO Limited***	22,075,000	n/a

\* Sir John Beckwith's interest includes 457,000 shares (Dec 08: 457,000) held by Pacific Investments plc a company controlled by him.

\*\* IPGL Property Funds Limited's interest includes 3,000,000 (Dec 08: 3,000,000) owned by a fellow group company, IPGL.

\*\*\* ARRCO Limited's interest includes 22,075,000 shares held by a fellow group company, Antler Investment Holdings Limited. ARRCO Limited became a partner of the Investment Manager in June 2009 and was not a partner at the beginning of the year.

The Directors of the Company received fees for their services with a total charge to the income statement as follows:

	For the nine months ended 30 September 2009	Year ended 31 December 2008
	£	£
David Jeffreys	27,434	30,000
Phillip Rose	15,000	20,000
Serena Tremlett	21,000	25,500
Jeff Cowdhry	15,000	20,000
Roddy Sage	15,000	20,000
<b>Total</b>	<b>93,434</b>	<b>115,500</b>

The Directors had interests in the shares of the Company as set out below:

	Number of ordinary shares 30 September 2009	Number of ordinary shares 31 December 2008
David Jeffreys	10,000	10,000
Phillip Rose	239,695	200,000
Serena Tremlett	15,000	15,000
Jeff Cowdhry	40,000	40,000
Roddy Sage	--	--

### Shareholder information

Further information on the Company, compliant with AIM Rule 26, can be found at the Company's website: [www.alphatigerpropertytrust.com](http://www.alphatigerpropertytrust.com)

### Share Price

The Company's Ordinary Shares are listed on the London Stock Exchange and reported daily in the Financial Times.

### Change of address

Communications with shareholders are mailed to the addresses held on the share register. In the event of a change of address or other amendment, please notify the Company's Registrar under the signature of the registered holder.

### Investment Manager

The Company is advised by Alpha Real Capital LLP which is authorised and regulated by the Financial Services Authority in the United Kingdom

### Financial Calendar

	Date
Announcement of Interim Report for the period to 30 September 2009	27 November 2009
Trading Statement (quarter 4)	26 March 2010
Annual Report and Accounts Announcement	11 June 2010
Annual Report Published	25 June 2010
Annual General Meeting	6 August 2010

## **9. AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

To the members of Alpha Tiger Property Trust Limited

We have audited the Group and Parent Company financial statements ("the Financial Statements") of Alpha Tiger Property Trust Limited for the year ended 31 December 2008, which comprise the Consolidated and Company income statements, Consolidated and Company balance sheets, Consolidated and Company cash flow statements, Consolidated and Company statements of changes in equity and the related notes 1 to 25. These Financial Statements have been prepared in accordance with the accounting policies as set out on pages 197 to 205.

This report is made solely to the Company's members, as a body, in accordance with Section 64 of the Companies (Guernsey) Law, 1994. Our audit work is undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Directors and auditors**

As described in the Directors' Responsibility Statement within the Directors' Report, the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and International Financial Reporting Standards ("IFRS").

Our responsibility is to audit the Financial Statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the other information included in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Highlights, Trust Summary and Objective, Financial Highlights, Chairman's Statement, Property Investment Review, Directors, Directors' Report and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

### **Opinion**

In our opinion:

- The Group Financial Statements give a true and fair view, in accordance with IFRS, of the state of the Group's affairs at 31 December 2008 and of its profit for the year to 31 December 2008.
- The Parent Company Financial Statements give a true and fair view, in accordance with IFRS, of the state of the Company's affairs at 31 December 2008 and of its profit for the year ended 31 December 2008.
- The Group and Parent Company Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 1994.

### **BDO Novus Limited**

Chartered Accountants  
Place du Pre, Rue du Pre, St Peter Port, Guernsey

26 March 2009



## 10. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### Consolidated income statement

		For the year ended 31 December 2008			For the period from 15 May 2006 to 31 December 2007		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Revaluation of investment properties	13	-	160	160	-	-	-
Revenue							
<b>Total Income</b>		<b>-</b>	<b>160</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>							
Investment Manager's fee		(1,555)	-	(1,555)	(1,492)	-	(1,492)
Other administration costs	7	(630)	-	(630)	(564)	-	(564)
<b>Total expenses</b>		<b>(2,185)</b>	<b>-</b>	<b>(2,185)</b>	<b>(2,056)</b>	<b>-</b>	<b>(2,056)</b>
<b>Operating (loss)/profit</b>		<b>(2,185)</b>	<b>160</b>	<b>(2,025)</b>	<b>(2,056)</b>	<b>-</b>	<b>(2,056)</b>
Finance income	4	3,898	-	3,898	4,323	-	4,323
<b>Profit before taxation</b>		<b>1,713</b>	<b>160</b>	<b>1,873</b>	<b>2,267</b>	<b>-</b>	<b>2,267</b>
Taxation	8	(59)	(128)	(187)	-	-	-
<b>Profit for the year/period</b>		<b>1,654</b>	<b>32</b>	<b>1,686</b>	<b>2,267</b>	<b>-</b>	<b>2,267</b>
Attributable to:							
<b>Equity holders of the parent</b>		<b>1,654</b>	<b>(82)</b>	<b>1,572</b>	<b>2,267</b>	<b>-</b>	<b>2,267</b>
Minority interests		-	114	114	-	-	-
		<b>1,654</b>	<b>32</b>	<b>1,686</b>	<b>2,267</b>	<b>-</b>	<b>2,267</b>
<b>Earnings per share (basic and diluted)</b>	10	<b>-</b>	<b>-</b>	<b>2.1p</b>	<b>-</b>	<b>-</b>	<b>3.0p</b>

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

The accompanying notes on pages 197 to 223 form an integral part of this statement.

## Consolidated balance sheet

As of 31 December 2008	Notes	2008 £'000	2007 £'000
<b>Non-current assets</b>			
Investment properties	13	16,134	-
<b>Current assets</b>			
Trade and other receivables	15	2,152	791
Cash and cash equivalents		65,377	74,104
		<b>67,529</b>	<b>74,895</b>
<b>Total assets</b>		<b>83,663</b>	<b>74,895</b>
<b>Current liabilities</b>			
Trade and other payables	16	(1,019)	(557)
<b>Total assets less current liabilities</b>		<b>82,644</b>	<b>74,338</b>
<b>Non-current liabilities</b>			
Bank borrowings	17	(6,411)	-
Deferred tax	8	(143)	-
		<b>(6,554)</b>	<b>-</b>
<b>Total liabilities</b>		<b>(7,573)</b>	<b>-</b>
<b>Net assets</b>		<b>76,090</b>	<b>74,338</b>
<b>Equity</b>			
Share capital	18	-	-
Share premium	19	-	-
Special reserve	19	69,445	72,031
Warrant reserve	19	40	40
Transition reserve	19	490	-
Capital reserve	19	(82)	-
Revenue reserve	19	3,921	2,297
<b>Equity attributable to the equity holders of the parent</b>		<b>73,814</b>	<b>74,338</b>
Minority interests		2,276	-
<b>Total equity</b>		<b>76,090</b>	<b>74,338</b>
<b>Net assets per share</b>	11	<b>109.4</b>	<b>99.1p</b>
<b>Net assets per share (adjusted)</b>	11	<b>109.6</b>	<b>99.1p</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 26 March 2009. They were signed on its behalf by David Jeffreys and Serena Tremlett. The accompanying notes on pages 197 to 223 form an integral part of this statement.

## Consolidated cash flow statement

	For the year ended 31 December 2008 £'000	For the period from 15 May 2006 to 31 December 2007 £'000
<b>Operating activities</b>		
Profit for the year / period	1,686	2,267
<b>Adjustments for:</b>		
Finance income	(3,898)	(4,323)
Revaluation of investment properties	(160)	-
Taxation	187	-
<b>Operating cash flows before movements in working capital</b>	<b>(2,185)</b>	<b>(2,056)</b>
Movements in working capital:		
Decrease / (increase) in operating trade and other receivables	176	(129)
(Decrease) / increase in operating trade and other payables	(247)	557
<b>Cash used in operations</b>	<b>(2,256)</b>	<b>(1,628)</b>
Interest received	3,529	4,211
Taxation	-	-
<b>Cash flows from operating activities</b>	<b>1,273</b>	<b>2,583</b>
<b>Investing activities</b>		
Cash acquired on acquisition of subsidiary	18	-
Property development expenditure	(11,850)	-
Pre-completion project costs	(1,308)	(550)
<b>Cash flows from investing activities</b>	<b>(13,140)</b>	<b>(550)</b>
<b>Financing activities</b>		
Proceeds from issue of ordinary share capital	-	75,000
Issue costs	(29)	(2,929)
Bank loan advanced	5,724	-
Share buy back	(2,557)	-
<b>Cash flows from financing activities</b>	<b>3,138</b>	<b>72,071</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,729)</b>	<b>74,104</b>
Cash and cash equivalents at beginning of year / period	74,104	-
Exchange translation movement	2	-
<b>Cash and cash equivalents at end of year / period</b>	<b>65,377</b>	<b>74,104</b>

The accompanying notes on pages 197 to 223 form an integral part of this statement.

## Consolidated statement of changes in equity

For the year ended 31 December 2008	Share premium	Special reserve	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Equity attributable to equity holders of the parent	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2008</b>	-	72,031	40	-	-	2,267	74,338	-	74,338
Foreign exchange gain on translation of foreign operations (recognised directly in equity)	-	-	-	490	-	-	490	13	503
Profit for the year	-	-	-	-	(82)	1,654	1,572	114	1,686
<b>Total recognised income and expenses for the year</b>	-	-	-	490	(82)	1,654	2,062	127	2,189
Share issue costs	-	(29)	-	-	-	-	(29)	-	(29)
Share buy back	-	(2,557)	-	-	-	-	(2,557)	-	(2,557)
Net assets attributable to minority interests	-	-	-	-	-	-	-	2,149	2,149
<b>At 31 December 2008</b>	-	69,445	40	490	(82)	3,921	73,814	2,276	76,090
Notes 18, 19									

For the period from 15 May 2006 to 31 December 2007	Share premium	Special reserve	Warrant reserve	Translation reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the period	-	-	-	-	2,267	2,267	-	2,267
<b>Total recognised income and expense for the period</b>	-	-	-	-	2,267	2,267	-	2,267
Shares issued	75,000	-	-	-	-	75,000	-	75,000
Share issue costs	(2,929)	-	-	-	-	(2,929)	-	(2,929)
Share based payments	(40)	-	40	-	-	-	-	-
Transfer to special reserve	(72,031)	72,031	-	-	-	-	-	-
<b>At 31 December 2007</b>	-	72,031	40	-	2,267	74,338	-	74,338
Notes 18, 19								

The accompanying notes on pages 197 to 223 form an integral part of this statement.

## Company income statement

		For the year ended 31 December 2008			For the period from 15 May 2006 to 31 December 2007		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Revenue		-	-	-	-	-	-
<b>Total Income</b>		-	-	-	-	-	-
<b>Expenses</b>							
Investment Manager's fee		(1,555)	-	(1,555)	(1,492)	-	(1,492)
Other administration costs	7	(583)	-	(583)	(564)	-	(564)
<b>Total expenses</b>		<b>(2,138)</b>	<b>-</b>	<b>(2,138)</b>	<b>(2,056)</b>	<b>-</b>	<b>(2,056)</b>
<b>Operating loss</b>		<b>(2,138)</b>	<b>-</b>	<b>(2,138)</b>	<b>(2,056)</b>	<b>-</b>	<b>(2,056)</b>
Finance income	4	4,010	-	4,010	4,381	-	4,381
<b>Profit before taxation</b>		<b>1,872</b>	<b>-</b>	<b>1,872</b>	<b>2,325</b>	<b>-</b>	<b>2,325</b>
Taxation	8	-	-	-	-	-	-
<b>Profit for the year / period</b>		<b>1,872</b>	<b>-</b>	<b>1,872</b>	<b>2,325</b>	<b>-</b>	<b>2,325</b>

The total column of this statement represents the Company's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

The accompanying notes on pages 197 to 223 form an integral part of this statement.

## Company balance sheet

As at 31 December 2008	Notes	2008 £'000	2007 £'000
<b>Non-current assets</b>			
Investment in subsidiary undertakings	12	-	-
Amount receivable from subsidiary undertakings	12	7,749	2,658
		<b>7,749</b>	<b>2,658</b>
<b>Current assets</b>			
Trade and other receivables	15	730	791
Cash and cash equivalents		65,292	71,504
		<b>66,022</b>	<b>72,295</b>
<b>Total assets</b>		<b>73,771</b>	<b>74,953</b>
<b>Current liabilities</b>			
Trade and other payables	16	(89)	(557)
<b>Total liabilities</b>		<b>(89)</b>	<b>(557)</b>

As at 31 December 2008	Notes	2008 £'000	2007 £'000
<b>Net assets</b>		<b>73,682</b>	<b>74,396</b>
<b>Equity</b>			
Share capital	18	-	-
Share premium	19	-	-
Special reserve	19	69,445	72,031
Warrant reserve	19	40	40
Revenue reserve	19	4,197	2,325
<b>Total equity</b>		<b>73,682</b>	<b>74,396</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 26 March 2009. They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 197 to 223 form an integral part of this statement.

### Company cash flow statement

	For the year ended 31 December 2008  £'000	For the period from 15 May 2006 to 31 December 2007  £'000
<b>Cash flows from operating activities</b>		
Profit for the year / period	1,872	2,325
<b>Adjustment for:</b>		
Finance income	(4,010)	(4,381)
<b>Operating cash flows before movements in working capital</b>	<b>(2,138)</b>	<b>(2,056)</b>
<b>Movements in working capital:</b>		
Decrease / (increase) in operating trade and other receivables	164	(129)
(Decrease) / increase in operating trade and other payables	(467)	557
<b>Cash used in operations</b>	<b>(2,441)</b>	<b>(1,628)</b>
Interest received	3,515	4,211
Taxation	-	-
<b>Cash flows from operating activities</b>	<b>1,074</b>	<b>2,583</b>
<b>Investing activities</b>		
Loans to subsidiary	(4,616)	(2,600)
Pre-completion project costs	(84)	(550)

	For the year ended 31 December 2008	For the period from 15 May 2006 to 31 December 2007
	£'000	£'000
<b>Cash flows from investing activities</b>	<b>(4,700)</b>	<b>(3,150)</b>
<b>Financing activities</b>		
Proceeds from issue of ordinary share capital	-	75,000
Issue costs	(29)	(2,929)
Share buy back	(2,557)	-
<b>Cash flows from financing activities</b>	<b>(2,586)</b>	<b>72,071</b>
<b>Net (decreased) / increase in cash and cash equivalents</b>	<b>(6,212)</b>	<b>71,504</b>
Cash and cash equivalent at beginning of year / period	71,504	-
<b>Cash and cash equivalent at end of year / period</b>	<b>65,292</b>	<b>71,504</b>

The accompanying notes on pages 197 to 223 form an integral part of this statement.

#### Company statement of changes in equity

For the year ended 31 December 2008	Share capital	Share premium	Special reserve	Warrant reserve	Revenue reserve	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2008</b>	-	-	<b>72,031</b>	<b>40</b>	<b>2,325</b>	<b>74,396</b>
Profit for the year	-	-	-	-	1,872	1,872
<b>Total recognised income and expense for the year</b>	-	-	-	-	<b>1,872</b>	<b>1,872</b>
Share issue costs	-	-	(29)	-	-	(29)
Share buy back	-	-	(2,557)	-	-	(2,557)
<b>At 31 December 2008</b>	-	-	<b>69,445</b>	<b>40</b>	<b>4,197</b>	<b>73,682</b>
Notes 18, 19						

For the period from 15 May 2006 to 31 December 2007	Share capital	Share premium	Special reserve	Warrant reserve	Revenue reserve	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the period					2,325	2,325
<b>Total recognised income and expense for the period</b>		-	-	-	<b>2,325</b>	<b>2,325</b>

Shares issued		75,000	-	-	-	75,000
Share issue costs		(2,929)	-	-	-	(2,929)
Share based payments		(40)	-	40	-	-
Transfer to special reserve		(72,031)	72,032	-	-	-
<b>At 31 December 2007</b>		<b>-</b>	<b>72,031</b>	<b>40</b>	<b>2,325</b>	<b>74,396</b>
Notes 18, 19						

The accompanying notes on pages 197 to 223 form an integral part of this statement.

## Notes to the financial statements

For the year ended 31 December 2008

### 1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given on page 56<sup>7</sup>. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 3 to 9<sup>8</sup>. The Financial Statements were approved and authorised for issue on 26 March 2009 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

### 2. Significant accounting policies

A summary of the principal accounting policies are set out below, all of which have been applied consistently for all periods presented unless otherwise stated.

#### Basis of accounting

The Financial Statements of the Company and of the Group have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standards Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### a) Standards early adopted

Amendments to IAS 40: Investment property resulting from the May 2008 Annual Improvements to IFRS was adopted early by the Group. The main effect of adopting this standard is that property under the course of construction for future use as an investment property now falls within the scope of IAS 40.

#### b) Adoption of new and revised Standards

<sup>7</sup> Please note that this was a reference in these accounts. See page 18 for details of the Company's registered office.

<sup>8</sup> Please note that this was a reference in the accounts. This chairman's statement is not included in these accounts but please see the summary of the investments held by the Company at Part II.



Two Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These were: IFRIC 11: IFRS 2: Group and treasury Share Transactions; and IFRIC 14: IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of these Interpretations has not led to any changes in the Groups accounting policies.

**c) Standards and Interpretations in issue and not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:-

**New Standards**

IFRS 8: Operating Segments – for accounting periods commencing on or after 1 January 2009

**Revised and amended Standards**

IFRS 1: First time Adoption of International Financial Reporting Standards – Amendments relating to cost of an investment on first-time adoption – for accounting periods commencing on or after 1 January 2009 \*

IFRS 2: Share-based Payment – Amendment relating to vesting conditions and cancellations – for accounting periods commencing on or after 1 January 2009

IFRS 3: Business Combinations – Comprehensive revision on applying the acquisition method – for accounting periods commencing on or after 1 July 2009 \*

IFRS 5: Non-current Assets Held for sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 July 2009

IAS 1: Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income – for accounting periods commencing on or after 1 January 2009

IAS 1: Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation – for accounting periods commencing on or after 1 January 2009

IAS 1: Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 16: Property, Plant and Equipment Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 19: Employee Benefits Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 20: Government Grants and Disclosure of Government Assistance Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 23: Borrowing Costs – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 27: Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3 –for accounting periods commencing on or after 1 July 2009

IAS 27: Consolidated and Separate Financial Statements – Amendments relating to cost of an investment on first time adoption – for accounting periods commencing on or after 1 January 2009 \*

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 28: Investments in Associates – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 28: Investments in Associates – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 29: Financial Reporting in Hyperinflationary Economies – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 31: Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 31: Interests in Joint Ventures – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 32: Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation – for accounting periods commencing on or after 1 January 2009

IAS 36: Impairment of assets – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 38: Intangible Assets – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items – for accounting periods commencing on or after 1 July 2009 \*

IAS 41: Agriculture – Amendments resulting from May 2008 Annual Improvements to IFRS – for accounting periods commencing on or after 1 January 2009

## **Interpretations**

IFRIC 12: Service Concession Arrangements – for accounting periods commencing on or after 1 January 2008 \*

IFRIC 13: Customer Loyalty Programmes – for accounting periods commencing on or after 1 July 2008

IFRIC 15: Agreements for the Construction of Real Estate – for accounting periods commencing on or after 1 January 2009 \*

IFRIC 16: Hedges of a Net investment in a Foreign Operation – for accounting periods commencing on or after 1 October 2008 \*

IFRIC 17: Distributions of Non-cash Assets to Owners – for accounting periods commencing on or after 1 July 2009 \*

IFRIC 18: Transfers of Assets from Customers – for accounting periods commencing on or after 1 July 2009 \*

\* Still to be endorsed by the EU.

The Directors anticipate that, with the exception of IAS 1, IFRS 3 and IAS 27 as discussed below, the adoption of these standards and interpretations in future periods will not have material impact on the financial statements of the Group.

IAS 1 (revised), ‘Presentation of financial statements’ (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group and Company will apply IAS 1 (revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27 Consolidated and Separate Financial Statements (both effective for accounting periods beginning on or after 1 July 2009). This revised standard and the amendments are still to be endorsed by the EU. The revised IFRS 3 and amendments to IAS 27 arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. The Group is currently assessing the impact of IFRS 3 on the Financial Statements.

The principal accounting policies adopted are set out below.

## **Basis of consolidation**

### **a) Subsidiaries**

The consolidated financial statements incorporate the results of the Company and the special purpose vehicles controlled by the Company, made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

The results of special purpose vehicles acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

When necessary, adjustments are made to the financial statements of special purpose vehicles to bring the accounting policies used into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**b) Minority interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original investment and the minority's share of changes in equity since the date of the investment. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

**c) Joint ventures**

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of these entities assets, liabilities, income and expenses on a line by line basis from the date on which joint control commences to the date to on which joint control ceases. The results of the Group's joint ventures are prepared for the periods to 31 December each year.

**Investment property**

Property that is being constructed or developed for future use as investment property is stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification, values the portfolio every six months. The fair values are based on the market values being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction where the parties had each acted knowledgeably, prudently and without compulsion. The fair values include adjustments to remove the fair value of construction which has yet to take place and making reasonable assumptions regarding expected rentals and costs.

Gains or losses arising from changes in fair value of investment property are included in the income statement in the period in which they arise. Properties are treated as acquired when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures qualifying as acquisition costs are capitalised.

The acquisition of a corporate vehicle, whose only activity is that of holding the targeted property, is accounted for based on the substance of the transaction. The Directors consider the substance of such transactions to be property acquisitions as opposed to a business combination under IFRS 3.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

## **Presentation of income statement**

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies (“AIC”), supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement.

## **Revenue recognition**

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

## **Foreign currencies**

### **a) Functional and presentation currency**

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Sterling, which is the Company’s functional and presentational currency.

### **b) Transactions and balances**

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly to equity.

### **c) Group companies**

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- ii) income and expenses for each income statement are translated at the average exchange rate prevailing in the year; and
- iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders’ equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The year-end exchange rate used is £1.00 : INR 71.99 (2007: £1.00 : INR 78.76) and the average rate for the year used is £1.00 : INR 80.63 (2007: £1.00 : INR 79.73).

## **Operating loss**

### **a) Company**

Operating loss includes revenue and administration costs and excludes finance income and finance costs.

### **b) Group**

Operating loss includes net gains or losses on revaluation of investment properties, less administrative expenses and excludes finance income and finance costs.

## **Expenses**

All expenses are accounted for on an accruals basis and include fees and other expenses paid to the Administrators, the Investment Manager and the Directors. In respect of the analysis between revenue and capital items, presented within the income statement, all expenses have been presented as revenue items except as follows:

Expenses which are incidental to the acquisition of an investment property are included within the cost of that investment property.

## **Taxation**

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the State of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Group has subsidiary operations in Cyprus and India.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

## **Dividends**

Dividends are recognised as a liability in the group's financial statements in the year in which they become obligations of the Company.

## **Segmental reporting**

The Directors are of the opinion that the Group is engaged in a single segment of business being property investment business. The Group operates in a single geographical segment (India).

## **Share-based payments**

The Group makes equity-settled share-based payments to certain advisers and service providers. Equity-settled share-based payments are measured at fair value as at the date of grant. The fair value determined at grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of the number of instruments that will eventually vest.

## **Investment in subsidiaries**

Investments in subsidiaries are initially recognised and subsequently carried at cost less provisions for impairment (where applicable) in the Company's financial statements.

## **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

### **(a) Financial assets**

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as fair value through profit or loss, held to maturity or as available for sale.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

#### **(a)(i) Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through cash and cash equivalents, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition on issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

**(a)(ii) De-recognition of financial assets**

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

**(b) Financial liabilities**

The Group's financial liabilities comprise trade and other payables which are classified as financial liabilities measured at amortised cost. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

**(b)(i) Financial liabilities measured at amortised cost**

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

**(b)(ii) De-recognition of financial liabilities**

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the income statement.

**(c) Share capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

For the purposes of disclosures given in note 18, the Group considers all of its reserves and equity as capital. The Company is not subject to any externally imposed capital requirements.

**(d) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.



### **3. Significant accounting estimates and judgements**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(a) Accounting for acquisitions**

##### **i) Vipul IT Infrastructure Pvt. Ltd (Technova)**

During the year the Group acquired 5% of the voting capital of Vipul IT Infrasoftware Pvt. Ltd. (Vipul) for GBP £0.2 million (INR 17 million). In addition to the equity invested, the Group also invested GBP £4.8 million (INR 383 million) in Fully Convertible Debentures (FCD's) which attract an interest rate of 13.56%. The agreement provides for the group to increase its equity interest to 74% on completion of the development property. Consideration for this increase will be settled by the conversion of the FCD's, including accrued interest and an additional payment based on a pre-determined formula.

The agreements that have been entered into give the group control over most of the major decisions and as a result, in the opinion of the Directors, the Company effectively controls Vipul. Accordingly, Vipul has been consolidated based on 74% ownership with a liability for the additional payment being provided for where appropriate to the valuation basis.

The consideration payable in respect of the acquisition is dependent upon certain future events. In calculating the acquisition price the Directors have assessed the most probable outcome as at the balance sheet date. In making this assessment the Directors make certain assumptions based on reports and advice from Colliers International (Hong Kong) Limited. The Directors review the consideration payable every six months and adjust accordingly. As at 31 December 2008, there are no outstanding liabilities in respect of this acquisition.

##### **ii) Pasco Software I Park Pvt. Ltd (Technika)**

The Shareholders agreement includes a clause which states that in the event that it is decided to sell the Technika project prior to its completion, the proceeds from such sale shall be distributed to the partners, after repayment of any third party debt, in the ratio of their invested capital. It further provides that for the purpose of such distributions, the promoters' invested capital shall be deemed to be INR 800 million.

Following on from this clause, during the post balance sheet period, a Memorandum of Understanding ("MoU") has been signed by all parties which gives consent for the promoter to seek a buyer for a period of 6 months and confirms that the Company will allow the sale to go ahead subject to:

- Receiving INR 69 million; and
- Having the right of first refusal to purchase the property at the offer price.

Accordingly, the Directors have restricted their share of the joint venture's assets in the consolidation to INR 69 million. Should the sale not go ahead within 6 months then the MoU will expire and the previous agreement will continue in full. In addition, should the selling price exceed INR 800 million, the excess

over and above the INR 800 million will be distributed between the joint venture partners as per the Shareholders agreement.

### iii) **Business combinations**

Significant judgement is required when determining the appropriate method of accounting for acquisitions of shares of a company owning property or land. In the opinion of the Directors, none of the acquisitions during the year qualified as a business combination under the definition of IFRS 3 as the acquired entities did not carry out any trade other than ownership of the targeted development land. Accordingly these have been accounted for as direct purchases of development property and associated net assets, without any recognition of goodwill on the acquisitions.

### (b) **Estimate of fair value of development properties**

#### i) **Technova**

The Investment Manager engages the services of Colliers International (Hong Kong) Limited to assist in its assessment of the fair value of development properties. The valuations are prepared in accordance with generally accepted international valuation methods and procedures. Any assumptions and estimates made by the valuer are reviewed by the Board and the Investment Manager for their reasonableness.

Such estimates are inherently subjective and actual values can only be determined in a sales transaction. The fair value of the Technova property at 31 December 2008 was £15.2 million (INR 1,093 million).

#### ii) **Technika**

This property has been included within the financial statements based on the net return that the group will receive under the Memorandum of Understanding ("MoU") discussed in note 3a)ii) above. The MoU provides for a net return of £1.0 million (INR 69 million) of which £0.9 million (INR 68.3 million) has been allocated to the Company's share in the property. Refer to note 13 for further details.

### (c) **Deferred taxation**

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

## 4. **Finance income**

	<b>Group 2008</b>	<b>Company 008</b>	<b>Group For the period 15 May 2006 to 31 December 2007</b>	<b>Company For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000	£'000	£'000
Bank interest received	3,548	3,535	4,323	4,323
Foreign exchange gain	350	475	-	58
<b>Total</b>	<b>3,898</b>	<b>4,010</b>	<b>4,323</b>	<b>4,381</b>

The above interest income arises from financial assets classified as loans and receivables (including cash and cash equivalents) and has been calculated using the effective interest rate method. There are no other gains or losses on loans and receivables other than those disclosed above.

## 5. Finance costs

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2008</b>	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000	£'000	£'000
Bank loan interest	273	-	-	-
Interest capitalised	(273)	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above finance costs arise on financial liabilities measured at amortised cost using the effective interest rate method. In accordance with the Group's accounting policies (note 2) all borrowing costs have been capitalised by applying a capitalisation rate of 12.9%.

## 6. Total interest income and total interest expense on financial assets and financial liabilities not at fair value through the profit and loss

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2008</b>	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000	£'000	£'000
Bank interest received (note 4)	3,548	3,535	4,323	4,323
Bank loan interest (note 5)	(273)	-	-	-
<b>Total</b>	<b>3,275</b>	<b>3,535</b>	<b>4,323</b>	<b>4,323</b>

## 7. Other administration costs

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2008</b>	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000	£'000	£'000
Auditors' remuneration for audit services	32	32	14	14
Other professional fees	168	165	247	247
Accounts and administrative fees	314	270	190	190
Non-executive Directors' fees	116	116	113	113
<b>Total</b>	<b>630</b>	<b>583</b>	<b>564</b>	<b>564</b>

The Group and Company have no employees. No amounts were paid to BDO Novus Limited by the Company and its subsidiary undertakings in respect of non-audit services.

## 8. Taxation

### (a) Company

Up to 31 December 2007, the Company was exempt from taxation under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. On 1 January 2008, Guernsey introduced the zero tax regime whereby the standard rate of tax changed to 0%. Under the revised regime the Company can continue to elect for the exempt status, which has been granted.

### (b) Group

The Group's tax expense for the year comprises:

	<b>Group</b>	<b>Group</b>
	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000
Deferred tax	128	-
Current tax	59	-
<b>Tax Expense</b>	<b>187</b>	<b>-</b>

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	<b>Group</b>	<b>Group</b>
	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000
<b>Tax expense reconciliation</b>		
Profit for the year	1,873	2,267
Less: Income not taxable	(3,251)	(4,323)
Add: Expenditure not taxable	2,102	2,056
Unprovided deferred tax asset	424	-
<b>Total</b>	<b>1,148</b>	<b>-</b>

Tax at domestic rates applicable to profits in the country concerned.

	<b>Group</b>	<b>Group</b>
	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000
India taxation at 22.66%	128	-
Cypriot taxation at 10%	59	-

**(c) Deferred taxation**

The following is the deferred tax liability recognised by the Group and movements thereon.

	<b>Group</b>	<b>Group</b>
	<b>2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>
	£'000	£'000
<b>Opening balance</b>	-	-
Charge to income	128	-
Foreign exchange movements	15	-
<b>Closing balance</b>	<b>143</b>	-

At the balance sheet date the group had unused tax losses of £22,000 in Cyprus. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses and the revaluation loss of the Technika property.

The Cypriot unused tax losses can be carried forward indefinitely.

**9. Dividends**

No dividend has been paid or proposed for the year ended 31 December 2008 (2007: £Nil).

**10. Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>1 January 2008 to 31 December 2008</b>	<b>1 January 2008 to 30 June 2008</b>	<b>For the period 15 May 2006 to 31 December 2007</b>	<b>For the period 15 May 2006 to 30 June 2007</b>
Earnings per income statement (£'000)	1,572	927	2,267	1,051
Weighted average number of ordinary shares (000's)	73,705	75,000	75,000	75,000
<b>Basic and diluted earnings due per share</b>	<b>2.1p</b>	<b>1.2p</b>	<b>3.0p</b>	<b>1.4p</b>

The 3,750,000 warrants issued to the investment manager (note 21) could potentially dilute basic earnings per share in the future.

The average share price over the year is lower than the exercise price of the warrants and therefore these are not currently considered dilutive.

## 11. Net asset value per share

	31 December 2008	30 June 2008	31 December 2007
Net asset value (£'000)	76,090	78,108	74,338
Less: Minority interests	(2,276)	(2,185)	-
Net asset value	73,814	75,923	74,338
<b>Net asset value per share</b>	<b>109.4p</b>	<b>101.2p</b>	<b>99.1p</b>
Net asset value (above)	73,814	75,923	74,338
Deferred tax (attributable to equity holders)	143	340	-
Net asset value (adjusted)	73,957	76,263	74,338
<b>Net asset value per share (adjusted)</b>	<b>109.6p</b>	<b>101.7p</b>	<b>99.1p</b>
<b>Number of ordinary shares (000's)</b>	<b>67,500</b>	<b>75,000</b>	<b>75,000</b>

The adjusted net assets are presented to provide what the Company believes is a more relevant assessment of the Group's net asset position as the Group's deferred tax liability is dependent on future events and the timing of these events.

## 12. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of share	%of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 1 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 4 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 5 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Property Development Company (Chennai) Pvt. Ltd.	Ordinary	100	India	Dormant
Alpha Tiger Property Development Company (Pune) Pvt. Ltd.	Ordinary	100	India	Dormant
Vipul IT Infracore Pvt. Ltd (Technova)	Ordinary	5*	India	Property development

\* The agreements that have been entered into give the Group control over most of the major decisions and as a result, in the opinion of the Directors, the Company effectively controls Vipul. Accordingly, Vipul has been consolidated based on 74% ownership. See note 3 a) i) for more detail.

The Company has made the following loans to subsidiary undertakings:

	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total</b>	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
Current	-	-	-	-	-	-
Non-current	-	7,749	7,749	-	2,658	2,658
<b>Total</b>	-	<b>7,749</b>	<b>7,749</b>	-	<b>2,658</b>	<b>2,658</b>

The Company has invested £5,300,000 for 41,987 redeemable preference shares of INR1 each at a premium of INR 9,999 each in Alpha Tiger Cyprus Holdings Limited. The shares are redeemable at any time by the Company with each share being redeemed at the initial issue price. The shares carry no right to income. The terms of the preference shares cause the amounts to be included within loans to subsidiaries.

The Directors do not intend to request redemption of the preference shares within one year and accordingly these shares have been classified as a non-current amounts receivable from the subsidiary undertaking.

The remaining loans are unsecured, denominated in Sterling and do not attract interest. The loans are repayable on demand however the Directors do not intend to request repayment within the foreseeable future and accordingly these loans have been classified as non-current.

### 13. Investment Properties

		<b>Year ended 31 December 2008</b>	<b>For the period from 15 May 2006 to 31 December 2007</b>
	Notes	£'000	£'000
Acquired during the period		3,975	-
Development costs incurred		9,997	-
Borrowing costs capitalised	5	273	-
Fair value adjustment in the period		160	-
Foreign exchange movements		1,729	-
<b>Total</b>		<b>16,134</b>	<b>-</b>

For Technova the fair value of the development property at 31 December 2008 has been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited, independent valuers. The valuation has been carried out in accordance with the RICS Valuation Standards (6th Edition) published by the Royal Institute of Chartered Surveyors.

The property owned by Vipul IT Infrasoft Pvt. Ltd (“Technova”) has been pledged to secure development banking facilities (note 17).

The value of Technika’s development property has been based on the expected return on the probable sale discussed in note 3 (b) ii).

As at 31 December 2008, all properties were under the course of construction.

As at 31 December 2008, the capital commitment in relation to the development of Technova was £8.3 million (2007: £Nil)

The Technika project has no capital commitment as at 31 December 2008 (2007: £Nil).

#### 14. Categories of financial assets and liabilities

		Loans and Receivables			
		Group	Company	Group	Company
	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Non-current financial assets</b>					
Amounts receivable from subsidiary undertakings	12	-	7,749	-	2,658
<b>Total non-current financial assets</b>		<b>-</b>	<b>7,749</b>	<b>-</b>	<b>2,658</b>
<b>Current financial assets</b>					
Trade and other receivables	15	2,152	730	791	791
Cash and cash equivalents		65,377	65,292	74,104	71,504
<b>Total current financial assets</b>		<b>67,529</b>	<b>66,022</b>	<b>74,895</b>	<b>72,295</b>
<b>Total financial assets</b>		<b>67,529</b>	<b>73,771</b>	<b>74,895</b>	<b>74,953</b>

		Financial liabilities measured at amortised cost			
		Group	Company	Group	Company
	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Current financial liabilities</b>					
Trade and other payables	16	1,019	89	557	557
<b>Total current financial liabilities</b>		<b>1,019</b>	<b>89</b>	<b>557</b>	<b>557</b>
<b>Non-current financial liabilities</b>					
Bank borrowings	17	6,411	-	-	-
<b>Total non-current financial liabilities</b>		<b>6,411</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities</b>		<b>7,430</b>	<b>89</b>	<b>557</b>	<b>557</b>

#### 15. Trade and other receivables

	Group	Company	Group	Company
	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Accrued bank interest	133	133	112	112
Other debtors	2,019	597	679	679
<b>Total</b>	<b>2,152</b>	<b>730</b>	<b>791</b>	<b>791</b>

Other debtors include a fully refundable deposit paid to Xansa plc in relation to the execution of the framework agreement (£500,000) and deferred project costs.



No trade and other receivables were impaired during the year. The Directors consider that the carrying amount of trade and other receivables approximate their fair value.

#### 16. Trade and other payables

<b>Current</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	£'000	£'000	£'000	£'000
Accruals	1,019	89	189	189
Investment Manager's fee payable	-	-	368	368
<b>Total</b>	<b>1,019</b>	<b>89</b>	<b>557</b>	<b>557</b>

Accruals include amounts payable for project related costs. The Group has financial management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximate their fair value.

#### 17. Bank borrowings

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	£'000	£'000	£'000	£'000
Bank borrowings	6,411	-	-	-

During the year, development loan facilities of £9.2 million (INR 660 million) have been entered into by Vipul IT Infrasoft Pvt. Ltd. These facilities are with Indian banks and carry an interest rate equal to the domestic Prime Lending Rate (PLR) plus a margin of 0.25%. The loans drawn down are repayable over 40 equal instalments beginning 2 years after the initial drawdown and have a tenure of 12 years. The loans are secured over the land and assets of Vipul. The undrawn committed facilities available at 31 December 2008 in respect of this loan was £2.8 million (INR 199 million).

The maturity analysis and weighted average interest rate are disclosed in Note 24.

#### 18. Share capital

			<b>Number of shares</b>
<b>Authorised</b>			
Ordinary shares of no par value			Unlimited
<b>Issued share capital</b>	<b>Treasury</b>	<b>External</b>	<b>Total</b>
<b>At 1 January 2007 &amp; 2008</b>	-	<b>75,000,000</b>	<b>75,000,000</b>
Shares purchased through share buy-back and held in treasury	7,500,000	(7,500,000)	-
<b>At 31 December 2008</b>	<b>7,500,000</b>	<b>67,500,000</b>	<b>7,500,000</b>

The Company acquired 7,500,000 of its own shares through purchases on AIM on 29 October 2008 at a price of 34p per share. The total amount paid to acquire the shares was £2,550,000 and has been deducted from the Company's special reserve within shareholders equity. The shares are held as "Treasury Shares".

The Company has the right to reissue or cancel the shares at a later date. None of the Treasury Shares has been reissued or cancelled as at 31 December 2008.

The Company has one class of ordinary share which carries no right to fixed income.

## **19. Reserves**

The movements in the reserves for the Group and the Company are shown on pages 193 and 196 respectively.

### **Share Premium**

On 12 January 2007 the Royal Court of Guernsey confirmed the reduction of capital by way of cancellation of the amounts standing to the credit of its share premium account on that date. The amount cancelled was credited to the special reserve.

### **Special reserve**

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey company law, including the buy- back of shares and payment of dividends.

### **Warrant reserve**

The warrant reserve contains the fair value of share-based payments in respect of the warrants issued to the Investment Manager but not exercised.

### **Translation reserve**

The translation reserve contains exchange differences arising on consolidation of the Group's overseas operations. Capital reserve

The capital reserve contains increases and decreases in the fair value of the Group's development properties, gains and losses on the disposal of properties together with expenses allocated to capital.

### **Revenue reserve**

Any surplus arising from net profit after tax is taken to this reserve, which may be utilised for the buy-back of shares and payment of dividends.

## **20. Investment in joint ventures**

During the year the Group acquired, via wholly owned subsidiaries, interests in the following jointly controlled entities.

<b>Name</b>	<b>Country of Incorporation</b>	<b>% held 31 December 2008</b>	<b>% held 31 December 2007</b>
Pasco Software I Park Pvt. Ltd. (Technika)	India	31.75%	-
IT Infrastructure Park Pvt. Ltd (Galaxia)	India	50.00%	-

The Group's interests in Pasco Software I Park Pvt. Ltd and IT Infrastructure Park Pvt. Ltd. have been accounted for by proportional consolidation. The following amounts have been recognised in the Consolidated balance sheet and income statement relating to the two companies:

	<b>31 December 2008</b> £'000	<b>31 December 2007</b> £'000
Income	-	-
Expenses	-	-
<b>Net result</b>	-	-
Non-current assets	1,157	-
Current assets	918	-
Current liabilities	(907)	-
<b>Net assets</b>	<b>1,168</b>	-

Neither joint venture has any income or expenses with the exception of development costs which have been capitalised.

Neither joint venture has any capital commitments as at 31 December 2008.

## **21. Share based payments**

### **a) Warrants**

The Company has issued warrants in a prior period to the Investment Manager pursuant to which it has been granted the right to subscribe for 3,750,000 ordinary shares in the Company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 21 December 2011. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. At 31 December 2008 no warrants had been exercised leaving 3,750,000 warrants outstanding and available for exercise.

The fair value of the warrants at grant date has been measured as £39,553 using an appropriate option pricing model. In light of the immaterial amount of the fair value the Directors do not consider it worthwhile to disclose the assumptions used in determining this fair value. As noted below, the Group recognised a charge of £39,553 in respect of the warrants; this charge was taken to the share premium account.

The weighted average exercise price of outstanding warrants at 31 December 2008 was £1.00, with a weighted average remaining contractual life of 3 years.

### **b) Share based payments**

The Company has not recognised any share based payment for the year ended 31 December 2008 (2007:£39,553). The 2007 charge was taken to the share premium account.

## **22. Events after the balance sheet date**

On 9 March 2009 the joint venture partners in the development project at Noida Sector 132 (Technika), entered into an agreement which permits Pasco Infotech, a joint venture partner in Technika, a limited period of time to seek a purchaser for the special purpose vehicle, with each partner committing to sell their shares in the special purpose vehicle provided that a sale occurs within 180 days from the date of the

agreement. The agreement stipulates permitted marketing terms for the special purpose vehicle and any subsequent transaction. However, a successful transaction cannot be guaranteed. Alpha Tiger and Logix Group will equally share a minimum of INR 138 million (£1.9 million) on completion of a sale. Alpha Tiger's investment to date is INR 102 million (£1.2 million). Should the aggregate transaction value exceed INR 800 million, the Company would receive an additional share of the consideration, in accordance with the co-development agreement of 30 May 2008.

### **23. 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. Alpha Real Capital LLP is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20 per cent of any excess over an annualised TSR of 15 per cent subject to a rolling 3 year high water mark.

Details of the Investment Manager's fees for the current year are disclosed on the face of the income statement and the balances payable at 31 December are shown in note 16.

The Investment Manager has also been issued warrants over the Company's ordinary share capital, further details of which are provided in note 21.

Alpha Global Property Securities Fund Pte. Limited, a wholly owned subsidiary of the Investment Manager, held 100,000 shares in the Company at 31 December 2008 (2007:100,000).

Pacific Investments plc, a company controlled by Sir John Beckwith, owned 457,000 shares in the Company at 31 December 2008 (2007: 457,000)

The following, being partners of the Investment Manager, held the following shares in the Company at 31 December 2008:

	<b>2008</b> <b>Number of shares held</b>	<b>2007</b> <b>Number of shares held</b>
Sir John Beckwith	1,000,000	1,000,000
P. Rose	200,000	200,000
M. Johnson	50,000	50,000
B. Bauman	50,000	50,000
S. Wilson	2,500	2,500

The Directors of the Company received fees for their services with a total charge to the income statement as follows:

	<b>Year ended</b> <b>31 December 2008</b> £	<b>Period from 15 May 2006</b> <b>to 31 December 2007</b> £
David Jeffreys	30,000	30,904
Phillip Rose	20,000	20,603

Serena Tremlett	25,500	20,603
Jeff Chowdhry	20,000	20,603
Roddy Sage	20,000	20,603
<b>Total</b>	<b>115,500</b>	<b>113,316</b>

## **24. Financial instruments risk exposure and management**

In common with similar businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

### **Principal financial instruments**

The principal financial instruments used by the Group and Company from which financial instrument risk arises, are as follows:

- Amount receivable from subsidiary undertaking
- Trade and other payables
- Cash and cash equivalents
- Trade and other receivables
- Bank borrowings

The Group and Company held no derivative instruments during the year ended 31 December 2008.

### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The above financial instruments risk exposure and management policies apply equally to the Group and Company. Further details regarding these policies are set out below.

### **Project monitoring**

Projects are monitored through regular Project Control Meetings held with development partners to discuss progress and monitor risks. The Investment manager attends these meetings and reports to the Board on a quarterly basis.

## Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

### a) Group

The Group's credit risk principally arises from cash and cash equivalents. The Group policy is to maintain its cash and cash equivalent balances with a number of financial institutions as a means of diversifying credit risk. The Group monitors the placement of cash balances on an ongoing basis and has policies to limit the amount of credit exposure to any financial institution.

### b) Company

The Company's credit risk principally arises from amounts receivable from subsidiary undertakings and cash and cash equivalents. The Company follows the same group policy with regards to diversification of banking arrangements. Amounts receivable from subsidiaries are of a long term nature and the loans are monitored on a regular basis.

The Group and Company's maximum exposure to credit risk by class of financial instrument is shown below:

	Group 2008 £'000	Group 2008 £'000	Company 2008 £'000	Company 2008 £'000	Group 2007 £'000	Group 2007 £'000	Company 2007 £'000	Company 2007 £'000
Maximum Exposure	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure
Amount receivable from subsidiary undertakings	-	-	7,749	7,749	-	-	2,658	58
Trade and other receivables	2,152	2,152	730	730	791	791	791	791
Cash and equivalents	65,377	65,377	65,292	65,292	74,104	74,104	71,504	71,504
<b>Total</b>	<b>67,529</b>	<b>67,529</b>	<b>73,771</b>	<b>73,771</b>	<b>74,895</b>	<b>74,895</b>	<b>74,895</b>	<b>74,953</b>

## Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising these risks such as maintaining sufficient cash and other highly liquid current assets. Cash and cash equivalents are placed with financial institutions on a short term basis reflecting the Group's desire to maintain a high level of liquidity in order to enable timely completion of investment transactions.

### a) Group

The following table illustrates the contractual maturity analysis of the Group's financial liabilities.

2008	Within 1 year £'000	1-2 years £'000	2-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
Trade and other payables	1,019	-	-	-	-	1,019

Bank Borrowings	-	1,282	1,923	3,206	-	6,411
<b>Total</b>	<b>1,019</b>	<b>1,282</b>	<b>1,923</b>	<b>3,206</b>	<b>-</b>	<b>7,430</b>

<b>2007</b>	<b>Within 1 year</b> £'000	<b>1-2 years</b> £'000	<b>2-5 years</b> £'000	<b>5-10 years</b> £'000	<b>Over 10 years</b> £'000	<b>Total</b> £'000
Trade and other payables	557	-	-	-	-	557
<b>Total</b>	<b>557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>557</b>

**b) Company**

The Company only has trade and other payables which are payable within one year.

**Market risk**

**a) Foreign exchange risk**

The Group operates in India and is exposed to foreign exchange risk arising from currency exposures with respect to Sterling and Indian Rupees. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The tables below summarise the Group's and Company's exposure to foreign currency risk at 31 December 2008 and 31 December 2007. The Group's and Company's assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

	<b>Group</b> <b>2008</b> £'000	<b>Group</b> <b>2008</b> £'000	<b>Group</b> <b>2008</b> <b>Total</b> £'000	<b>Company</b> <b>2008</b> £'000	<b>Company</b> <b>2008</b> £'000	<b>Company</b> <b>2008</b> <b>Total</b> £'000
	INR	£		INR	£	
<b>Current financial assets</b>						
Trade and other receivables	1,422	730	2,152	-	730	730
Cash and cash equivalents	85	65,292	65,377	-	65,292	65,292
<b>Non-current financial assets</b>						
Amounts receivable from subsidiary undertakings	-	-	-	5,833	1,916	7,749
<b>Total financial assets</b>	<b>1,507</b>	<b>66,022</b>	<b>67,529</b>	<b>5,833</b>	<b>67,938</b>	<b>73,771</b>
<b>Current financial liabilities</b>						
Trade and other payables (excluding deferred income)	(930)	(89)	(1,019)	-	(89)	(89)
<b>Non-current financial liabilities</b>						
Bank borrowings	(6,411)	-	(6,411)	-	-	-
<b>Total financial liabilities</b>	<b>(7,341)</b>	<b>(89)</b>	<b>(7,430)</b>	<b>-</b>	<b>(89)</b>	<b>(89)</b>
<b>Net balance sheet currency position</b>	<b>(5,834)</b>	<b>65,933</b>	<b>60,099</b>	<b>5,833</b>	<b>67,849</b>	<b>73,682</b>

	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	£'000	£'000	<b>Total</b> £'000	£'000	£'000	<b>Total</b> £'000
	INR	£		INR	£	
<b>Current financial assets</b>						
Trade and other receivables	-	791	791	-	791	791
Cash and cash equivalents	-	74,104	74,104	-	71,504	71,504
<b>Non-current financial assets</b>						
Amounts receivable from subsidiary undertakings	-	-	-	2,658	-	2,658
<b>Total financial assets</b>	-	<b>74,895</b>	<b>74,895</b>	<b>2,658</b>	<b>72,295</b>	<b>74,953</b>
<b>Current financial liabilities</b>						
Trade and other payables	-	(557)	(557)	-	(557)	(557)
<b>Net balance sheet currency position</b>	-	<b>74,338</b>	<b>74,338</b>	<b>2,658</b>	<b>71,738</b>	<b>74,396</b>

The Group does not currently hedge its foreign currency exposure. The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its Risk Management review.

For the Group, a strengthening of the Rupee by 5 Rupees would increase the net assets by £758,000 (2007:£Nil). A weakening of the Rupee by 5 Rupees would decrease net assets by £660,000 (2007:£Nil).

For the Company, a strengthening of the Rupee by 5 Rupees would increase the net assets by £435,000 (2007:£180,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £379,000 (2007:£159,000).

#### b) Cash flow and fair value interest rate risk

The Group and Company interest rate risk arises from the following financial assets and liabilities.

<b>Interest Rate Profile</b>	<b>Weighted average interest rate</b>			
As at 31 December 2008	<b>Group</b> %	<b>Group</b> £'000	<b>Company</b> %	<b>Company</b> £'000
<b>Amounts receivable from subsidiary undertakings</b>				
Non-interest bearing	-	-	-	7,479
<b>Trade and other receivables</b>				
Non-interest bearing	-	2,152	-	730
<b>Cash and cash equivalents</b>				
Variable	1.9	65,677	1.9	65,292
<b>Financial liabilities carried at amortised cost</b>	-	-	-	-
<b>Trade and other payables</b>				
Non-interest bearing	-	1,019	-	89
<b>Bank borrowings</b>				
Variable	12.9	6,411	-	-



<b>Interest Rate Profile</b>			<b>Weighted average interest rate</b>	
As at 31 December 2007	<b>Group %</b>	<b>Group £'000</b>	<b>Company %</b>	<b>Company £'000</b>
<b>Amounts receivable from subsidiary undertakings</b>				
Non-interest bearing	-	-	-	2,658
<b>Trade and other receivables</b>				
Non-interest bearing	-	791	-	791
<b>Cash and cash equivalents</b>				
Variable	5.7	74,104	5.7	71,504
<b>Financial liabilities carried at amortised cost</b>				
<b>Trade and other payables</b>				
Non-interest bearing	-	557	-	557

The Group and Company's cash flow is periodically monitored by the Board. The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, changes in interest rate and changes in market value. For the Group, an increase of 100 basis points in interest rates would result in an increase in post-tax profits of £590,000 (2007:£741,000). A decrease of 100 basis points in interest rates would result in a decrease in post tax profits of £590,000 (2007:£741,000). For the Company, an increase of 100 basis points in interest rates would result in an increase in post-tax profits of £653,000 (2007:£715,000). A decrease of 100 basis points in interest rates would result in a decrease in post tax profits of £653,000 (2007:£715,000).

### c) **Price risk**

The Group and Company has no exposure to price risk as its investments in India are in property development.

### **Capital risk management**

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## **25. Commitments**

The Group had the following commitments under its shareholders agreements for the group undertakings. Certain of these commitments are subject to conditions precedent and the final payment may vary dependent upon certain factors.

	<b>Group 2008 £'000</b>	<b>Group 2007 £'000</b>
Capital commitments	47,300	-

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**Explanatory Note to Valuation References in Accountant's Report and Financial Information**

<b>Reference</b>	<b>Explanation</b>
"Valuation per CBRE of investment property"	CBRE have valued the 100% interest in the asset and reported in Euros. Adjustments for the Company's interest and conversion to pounds sterling have been undertaken by the Company.
"Independent valuers"	Bears the meaning of "External Valuer" as defined in the RICS Valuation Standards.
"Royal Institute of Chartered Surveyors"	Means the Royal Institution of Chartered Surveyors.
"RICS Approval and Valuation Standards"	Means the RICS Valuation Sandards.

**PART VI  
VALUATION REPORTS**

**1. CAMBOURNE SCIENCE PARK**

Alpha Tiger Property Trust Limited,  
PO Box 327  
Isabelle Chambers  
Route Isabelle  
St Peter Port  
Guernsey GY1 3TX

Dear Sirs,

**PHASE 1000, CAMBOURNE SCIENCE PARK, CAMBOURNE CB24 6DN  
VALUATION – 12 DECEMBER 2011**

In accordance with your instructions and our terms of engagement, we now report formally our valuation of the freehold interest in the above property.

We have been instructed by Alpha Tiger Property Trust limited (“the Company”) as an External Valuer and independent expert to provide our opinion of the Market Value of the property as at the date of this report. We understand that our valuation will be included within a Prospectus to be issued by the Company.

**Basis of Value**

We confirm that the valuation has been undertaken by us as qualified surveyors and in accordance with the RICS Valuation Standards – Global and UK, 7th Edition (“the Red Book”). We understand that the property is held for investment purposes as at the valuation date. It has been valued on the basis of Market Value defined in the Red Book as follows:-

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

We have assessed the Market Value in accordance with VS 3.2 of the Red Book. Our opinion of Market Value has been primarily derived from comparable arm’s length market transactions as at the valuation date.

**Inspections**

The property was inspected by GVA on 3rd August 2011.

## **Information**

All information supplied by the Client, the Client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources is accepted as being correct unless otherwise specified.

## **Floor Areas**

We have undertaken a measured survey of the property. Our valuation is based on these floor areas, which have been calculated in accordance with the current edition of the Code of Measuring Practice published by the RICS.

## **Title**

We have assumed that the property has a good and marketable title free from any encumbrances or restrictions of an onerous nature, other than those supplied to us. The valuation is based on information provided to us as to tenure, leases granted, agreements and other information relevant to this valuation.

Any interpretation of leases and other legal documents and legal assumptions is given in our capacity as Property Consultants (including Chartered Surveyors and Chartered Town Planners) and must be verified by a suitability qualified lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

## **Enquiries**

Enquiries of local authorities and statutory undertakers are made verbally in respect of contingent liabilities such as road widening, road charges, redevelopment proposals and the possible effect of any town planning restrictions, and on occasion in respect of rating assessments. Local searches are not undertaken. No responsibility is accepted for any inaccurate information provided.

Generally it is assumed that buildings are constructed and used in accordance with valid Town Planning Consents, Permits, Licences and Building Regulation Approval, with direct access from a publicly maintained highway, that Town Planning Consents do not contain restrictions which may adversely affect the use of a property and that there are no outstanding statutory or other notices in connection with a property or its present or intended use.

It is further assumed unless otherwise stated that all necessary licences, permits etc either run with the property or are transferable to a new occupier as appropriate.

## **Repairs**

We have not been instructed to undertake a building survey. We are therefore unable to comment on the building's structural condition e.g. whether the property is free from structural fault, rot, infestation or defects of any other nature or any inherent weaknesses due to the construction materials. Furthermore, no tests were carried out on the services within the property.

For valuation purposes we assume unless otherwise stated that the property (including associated plant and machinery, fixtures and fittings) is in serviceable order and will remain so for the foreseeable future. We would comment that at the time of our inspection the property appeared to have been satisfactorily

maintained and was in a good state of internal and external repair, having regard to its age, character and use.

We have not arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous material or techniques have been used in the construction of the property or has since been incorporated. We are therefore unable to report that the property is free from defect in these respects.

### **Environmental Matters**

We have not carried out an environmental audit of the site and therefore have not investigated any past processes carried out on it that might have been a source of pollution. From the inspection carried out by our valuation surveyor, we did not note any issues of environmental concern. The subject property is currently used as offices. We also understand that prior to the development of the subject property it was also used as agricultural land.

We would also comment that the property is located in a new settlement developed in 1998 and we would regard it as unlikely that the subject property or any surrounding uses would have resulted in significant environmental issues. Based on the above information, we believe that purchasers would regard the risk of environmental liability as being low.

We would emphasise that we are not qualified to give assurances concerning the presence or otherwise of contamination of a particular site, as this can only be done by way of an Environmental Audit. If an Environmental Audit was undertaken and the property was found to be contaminated, it is likely that our valuation would be affected. Our valuation has been undertaken on the assumption that the site is free from contamination and no allowance has been made for the cost of any remedial works.

### **Flooding Risk**

We have checked the Environment Agency website, which confirms that the property is located within an area which fell outside the extent of extreme flooding at the time of assessment. Generally this means that the chance of flooding each year from rivers or the sea is 0.1% (1 in 1000) or less. Further information can be found at [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk)

### **Accessibility**

The Equality Act 2010, which came into force on 1st October 2010, incorporates the provisions of the Disability Discrimination Act 1995 and 2005. It is assumed that the property complies with the Equality Act or will be made compliant at the occupiers' expense.

### **Energy Performance Certificates**

Our valuation assumes that the property has an Energy Performance Certificate (if required under the Energy Performance of Building Directive) and that the Certificate will be maintained as required.

### **Previous Involvement**

The property was valued by GVA in August 2011 on behalf of Royal Bank of Scotland. This was a loan security valuation in connection with the financing of the property's acquisition. We do not believe this previous involvement represents a conflict of interest in relation to the current instruction.

## Disclosures

This valuation is a Regulated Purpose Valuation as defined by UKVS4.1 of the Red Book. We confirm that this is the first time that GVA has been responsible for undertaking a Regulated Purpose Valuation for this property or the Company. We would confirm that the total fee income earned by GVA from the Company (or its subsidiaries or other closely connected companies) in the financial year to 30 April 2010 was less than 5% of the total fee income. We do not anticipate this changing in the current financial year.

## Valuation

Subject to the foregoing we assess that the Market Value of the freehold interests in Phase 1000, Cambourne Science Park, Cambourne CB24 6DN as at 12 December 2011 to be as follows:

**£21,820,000**

**(Twenty One Million Eight Hundred and Twenty Thousand Pound)**

No allowance has been made in our valuation for the expenses of realisation or for taxation that may arise in the event of disposal and our valuation is expressed exclusive of any VAT that may become chargeable. The reported valuation figure is net of the purchaser's normal acquisition costs.

We understand that the Company owns 10% of the Special Purpose Vehicle that owns the property: its apportionment of the above figure would therefore be £2,182,000.

## Property Details

A brief summary of the property details are set out below.

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent as at 12/12/2011	Market Value As at 12/12/2011
<b>Phase 1000, Cambourne Science Park, Cambourne CB24 6DN</b>	<p>The Property is located in Cambourne, which is a new settlement (developed 1998) within Cambridgeshire, adjacent to the A428 road between Cambridge, 9 miles to the east, and St Neots and Bedford to the west.</p> <p>The property is part of the Cambourne Business Park and is known as Phase 1000. It comprises three modern, Grade A, office buildings that were constructed in 1999. The total floor area is 103,909 sq ft. The buildings are all detached and provide 1 x three storey building and 2 x two storey buildings, benefiting from ample car parking (circa 475 car spaces), equating to a ratio of 1:218 sq ft.</p> <p>The Property is freehold</p>	<p>The property is let to three tenants; Regus (Cambridge Cambourne) Ltd, Convergys EMEA Ltd and Citrix Systems UK Ltd on three FRI leases. The leases expire between December 2015 and January 2021. The leases are all subject to upward only reviews every 5 years.</p>	£1,967,307	£21,820,000

## **Responsibility**

For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and we will accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Prospectus Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of ESMA update of the CESR recommendations for the consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

## **RICS Investigations**

The valuation may be investigated by the RICS for the purposes of the administration of the Institutions conduct and disciplinary regulations. Guidance on the operation of the RICS monitoring scheme including matters relating to confidentiality is available from [www.rics.org](http://www.rics.org).

## **Jurisdiction**

In the event of a dispute arising in connection with a valuation, unless expressly agreed otherwise in writing, GVA, the client and any third party using this valuation will submit to the jurisdiction of the British Courts only. This will apply wherever the property or the client is located, or the advice is provided.

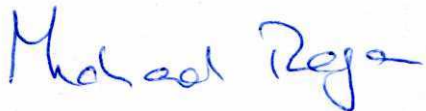
## **Date, Market Conditions and Validity of Valuation**

Valuations may be relied upon for the stated purpose as at the date specified. In normal market conditions the value may not change materially in the short term. However the property market is constantly changing and is susceptible to many external facets which can affect business confidence.

## **Qualifications**

The valuation has been undertaken by Kristian Williams MRICS, Principal Surveyor and Michael Regan MRICS, Director in the Valuation Services Department. Both are RICS Registered Valuers who meet the requirements as to competence and the definitions of an External Valuer within the RICS Valuation Standards. The report has been also been signed on behalf of GVA by Michael Regan MRICS, Director.

Yours faithfully,



**Michael Regan MRICS**  
**RICS Registered Valuer**  
**Director**  
**For and on behalf of GVA Grimley Ltd**

## 2. H2O SHOPPING CENTRE

### CBRE

CBRE Valuation Advisory S.A.  
Torre Picasso pl. 27  
Plaza Pablo Ruiz Picasso, 1  
28020 Madrid  
Switchboard +34 91 598 19 00  
Fax +34 91 556 96 90

<b>Report Date</b>	9 March 2012
<b>Addressee</b>	Alpha Tiger Property Trust Limited Isabelle Chamber Route Isabelle St Peter Port Guernsey GY1 3TX
<b>The Property</b>	H2O Shopping Centre C/ Marie Curie 4 Rivas Vaciamadrid 28521 Madrid Spain
<b>Property Description</b>	Shopping Centre
<b>Owner Purpose</b>	Investment
<b>Instruction</b>	To value on the basis of Market Value the freehold-equivalent and ground leasehold interests in the Property as at the Valuation Date in accordance with your letter of instruction dated 16 December 2011.
<b>Valuation Date</b>	30 September 2011
<b>Capacity of Valuer</b>	External.
<b>Purpose</b>	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation Standards Seventh Edition ("Red Book"). We understand that our valuation report and the Appendix to it (together the "Valuation Report") is required for inclusion in a Prospectus (the "Prospectus") which is to be published by Alpha Tiger Property Trust Ltd in connection with the transfer of Alpha Tiger Property Trust Ltd from the Alternative Investment Market of the London Stock Exchange to the Specialist Fund Market of the same, as a result of which shares of Alpha Tiger Property Trust Ltd will be admitted to the Specialist Fund Market of the UK Listing Authority and admitted to trading on the London Stock Exchange Specialist Fund Market.



The effective date of valuation is 30 September 2011.

Alpha Tiger Property Trust Ltd have confirmed to us that there have been no material changes to the property since 30 September 2011. On this basis, in our opinion there has been no material change to the Market Value of the property between 30 September 2011 and the date of this Report.

In accordance with UK Valuation Standard 4.3 of the RICS Valuation Standards, Seventh Edition (the “Red Book”) we have made certain disclosures in connection with this valuation instruction and our relationship with Alpha Tiger Property Trust Ltd.

## **Market Value**

€86,000,000 (EIGHTY-SIX MILLION EUROS) exclusive of purchaser’s costs and VAT.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm’s length terms.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

We are required to show the split of values between freehold-equivalent and leasehold property, and to report negative values separately.

Positive Value	€(Euros)
Freehold-Equivalent Property	86,400,000
Negative Value	
*Long (Ground) Leasehold Property	-400,000
Total	86,000,000

\* more than 50 years unexpired

We understand that Alpha Tiger Property Trust Limited is the beneficial owner of 26.01% of the Special Purpose Vehicle that owns the subject property: on a straight-line basis its apportionment of the above figure would therefore be €22,368,600.

In providing this figure, CBRE express no opinion as to the value of the SPV nor of Alpha Tiger Property Trusts Ltd’s interest therein.

## **Report Format**

Appendix A of this Valuation Report comprised relevant details of the

freehold-equivalent and long leasehold Property.

**Compliance with Valuation Standards**

The valuation has been prepared in accordance with The *RICS Valuation Standards, Seventh Edition*. The property details on which each valuation is based are as set out in this report.

The valuations are compliant with the International Valuation Standards, and are in accordance with paragraphs 128 to 130 of the ESMA update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of the European Commission Regulation (EC) no. 809/2004 implementing the Prospectus Directive.

The property details on which these valuations are based are as set out in this report.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

**Special Assumptions**

None.

**Assumptions**

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

**Variation from Standard Assumptions**

None.

**Market Conditions**

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

Going forward, we would draw your attention to the fact that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a sale of property assets in the short-term. We would therefore recommend that the situation and the valuations are kept under regular review, and that specific marketing

advice is obtained should you wish to effect a disposal.

**Valuer**

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation Standards.

**Independence**

The total fees, including the fee for this assignment, earned by CBRE Valuation Advisory, S.L. (or other companies forming part of the same group of companies within Spain) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Spanish revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2012.

We confirm that we do not have any material interest in Alpha Tiger Property Trust Ltd or the Property.

We do not consider that any conflict of interest arises in us preparing this Valuation Report and Alpha Tiger Property Trust Ltd have confirmed to us that it also considers this to be the case.

**Disclosure**

In accordance with UK Valuation Standard 4.3 of the Red Book we make the following disclosures:

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since September 2010. CBRE Valuation Advisory, S.A. has continuously been carrying out valuation instructions for the addressee of this report since September 2010.

As you are aware, CBRE Valuation Advisory, S.A. has previously valued the Property in March 2010 for another party.

CBRE S.A. (Retail Management Department) is currently instructed as centre / property managers of the subject Property.

**Responsibility**

For the Purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.56G of the Prospectus Rules and Paragraphs 128 to 130 of the ESMA update of CESR'S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent

permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

## **Reliance**

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in “Responsibility” above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

## **Publication**

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, the CBRE’s written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully  
Enrique Carrero MRICS  
Vice-President  
For and on behalf of  
CBRE Valuation Advisory, S.A.  
T: +34 91 514 39 30  
E: enrique.carrero@cbre.com

## **SCOPE OF WORK & SOURCES OF INFORMATION**

<b>Sources of Information</b>	We have carried out our work based upon information supplied to us by Alpha Tiger Spain 1, S.L., and the shopping centre managers, which we have assumed to be correct and comprehensive.
<b>The Property</b>	Our report contains a brief summary of the property details on which our valuation has been based.
<b>Inspection</b>	<p>We inspected the Property internally on 26 September 2011.</p> <p>The inspection was undertaken by Angel Cordero MRICS.</p>
<b>Areas</b>	<p>We have not measured the Property but have relied upon the floor areas provided. We have not checked these on site.</p> <p>The RICS Code of Measuring Practice does not apply to Spain. Unless advised specifically to the contrary, we have made the Assumption that the floor areas supplied to us have been calculated in accordance with local practice as appropriate. All areas quoted in this Valuation Report are approximate.</p>
<b>Environmental Matters</b>	<p>We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.</p> <p>We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
<b>Repair and Condition</b>	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.
<b>Town Planning</b>	We have relied on the planning information available on the website of the Rivas-Vaciamadrid Town Council and the official town planning documentation relating to the Property, originally provided to us by Galeon Property Group S.L. on behalf of Alpha Tiger Spain under previous valuations.
<b>Titles, Tenures and Lettings</b>	Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other

documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significance bearing on the value of an interest in a property. Alpha Tiger Property Trust Ltd has confirmed to us that it is not aware of any such issue which needs to be considered for the purposes of our valuation. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the Valuation as it relates to any Property.

## **VALUATION ASSUMPTIONS**

### **Introduction**

An Assumption is defined in Appendix 3 to the Red Book to be a "supposition that is taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

Alpha Tiger Property Trust Ltd has confirmed and we confirm that our Assumptions are correct as far as Alpha Tiger Property Trust Ltd and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

### **Capital Values**

The valuation has been prepared on the basis of "Market Value" which is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

	<p>No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.</p> <p>No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.</p> <p>No account has been taken of the availability or otherwise of capital based Government or European Community grants.</p>
<b>Taxation, Costs and Realisation Costs</b>	<p>As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.</p> <p>Our valuations reflect purchasers' statutory and other normal acquisition costs.</p>
<b>VAT</b>	<p>We have not been advised whether the properties are elected for VAT.</p> <p>All rents and capital values stated in this report are exclusive of VAT.</p>
<b>Net Annual Rent</b>	<p>Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:</p> <ul style="list-style-type: none"> <li>(i) ignoring any special receipts or deduction arising from the property;</li> <li>(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and</li> <li>(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".</li> </ul>
<b>Estimated Net Annual Rental value</b>	<p>The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation</p>
<b>Rental Values</b>	<p>Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.</p>
<b>Lease Expiries</b>	<p>Fixed-term leases frequently incorporate either tenants' options to extend or tenants' break clauses; other leases are rolling to indeterminate, subject to stated notice periods. For the purposes of our valuations, we have made assumptions as to appropriate presumed</p>

expiry dates.

Any weighted average unexpired terms indicated in our Valuation report reflect these assumptions.

### **The Property**

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

### **Environmental Matters**

In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

### **Energy Performance Certificates**

We have assumed that the properties possess current Energy Performance Certificates as required under Government Directives.

### **Repair and Condition**

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of



uninspected parts and should not be taken as making an implied representation or statement about such parts.

**Title, Tenure, Planning and Lettings**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Property is not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;
- (f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (g) tenants will meet their obligations under their leases;
- (h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

## APPENDIX A

### Property Details

Property	Description, Age and Tenure	Tenancy	Passing Annum	Rent Per	Estimated Rental Value Per Annum
H2O Shopping Centre, C/ Marie Curie 4, Rivas Vaciamadrid, 28521 Madrid, Spain	<p>Shopping centre located c. 20 km south-east of Madrid, with a total gross lettable floor area of 50,087 sqm, including 117 retail units.</p> <p>Construction completed and centre opened in June 2007.</p> <p>The property is freehold-equivalent.</p>	<p>The property is let to 98 tenants; major tenants include Saturn, Mercadona (supermarket), Inditex, H&amp;M, C&amp;A, Cortefiel, Ozone (bowling alley, Yelmo (multiplex), Mango, A Loja da Gato Preto. Current vacancy is c. 10% of GLA. Lease terms are from 5 to 30 years; the weighted average unexpired lease term to first break options is 1.9 years and to ultimate lease expiry 12.3 years.</p>	€8,707,841		<p>€8,747,508</p> <p>Excluding turnover rents and mall income; prior to deduction of non-recoverable costs.</p>
H2O Shopping Centre Leisure area	<p>Plot of land adjacent to h2O Shopping Centre which includes a 13,000 sqm lake, green areas, paddle courts and a restaurant.</p> <p>Lay out completed in June 2007.</p> <p>Held on ground lease from the Town Council of Rivas Vaciamadrid for a term of 75 years from 16 January 2007 at an annual ground rent of €31,583</p>	<p>The income of the leisure area is derived from three operating leases related to a Chinese restaurant, 19 paddle courts and a cable sky facility.</p>	€198,000		€198,000

### 3. LOGIX GALAXIA, AN IT/ITES & ELECTRONIC HARDWARE SEZ LOCATED IN SECTOR 140 A, NOIDA, INDIA

Colliers International (India) Property Services Pvt. Ltd. / November, 2011

#### VALUATION SUMMARY

<b>Property Address</b>	Plot No. 1, Sector 140(A), NOIDA, Uttar Pradesh.
<b>Brief Description</b>	The subject site is a 11.2 acre plot which is a part of larger development site of 24.8 acres notified as a Special Economic Zone (SEZ) in the name of Sarv Mangal Realty Pvt Ltd.
<b>Registered Owner/Owner</b>	IT Infrastructure Park Private Limited (ITIPPL).
<b>Interest Valued</b>	<p>The valuation is undertaken to value the 11.2 acres** owned by IT Infrastructure Park Private Limited (ITIPPL). Alpha Tiger Property Trust Ltd has 50% interest in ITIPPL and Logix Group owns the remaining 50% stake in the same.</p> <p>ITIPPL has an agreement to sub-lease and co-develop 45% (11.2 acres) of the larger 24.8 acre plot that is originally leased to Sarv Mangal Realtech Pvt Ltd (special purpose vehicle).</p>
<b>Purpose of Valuation</b>	For filing in Prospectus.
<b>Valuation Approach</b>	Direct Comparison Approach.
<b>Town Plan Zoning</b>	IT SEZ for electronic hardware and software including Information Technology & Information Technology Enabled Services.
<b>Title Details</b>	90 year Lease in the name of Sarv Mangal Realty Pvt Ltd (as informed by the Client).
<b>Site Area</b>	487,872 Sq. Ft. (11.2 acres).
<b>Date of Valuation</b>	30th November 2011.
<b>Market Value (“As is Where is”)</b>	INR 840 Million (INR Eight Hundred and Forty Million Only).
<b>Market Value (“As is Where is”)</b>	GBP 10.286 million, rounded (Pounds Sterling Ten Million Two Hundred and Eighty Six Thousand Only)*.

\* GBP 1 = INR 81.6643 (as on 30th November 2011)

\*\* It should be noted that the value attribution pertains to the percentage ownership held in the SPV, “IT Infrastructure Park Private Limited”; as the subject land parcel 11.2 acres cannot be sold directly.

## **CHAPTER 1: INTRODUCTION**

### **1.1. Instructions**

Instructions have been received from Alpha Tiger Property Trust Ltd. (hereinafter referred to as the “Client”) to ascertain the market value of a 11.2 acre land parcel proposed to be developed as an Information Technology (IT) SEZ located in Sector 140(A), NOIDA, U.P.

As per the instructions received from the Client on 26th November 2011, CI has prepared a “short form” valuation report setting out the opinion of the market value of the Subject Property as on 30th November 2011

### **1.2. Undertakings**

For the purposes of Prospectus Rule 5.5.3(R)(2)(f), Colliers International is responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Prospectus Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of ESMA update of the CESR recommendations for the consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive

### **1.3. The Property**

The property under valuation study has a total land area of 11.2 acres and is a part of a 24.8 acre development. The site is located in Sector 140(A), NOIDA, U.P. and falls under Industrial zone for small and medium enterprises as per the Master Plan of Noida.

### **1.4. Dates of Inspection and Valuation**

The Property was inspected on 30<sup>th</sup> November 2011 and the valuation is as on that date. The details with respect to the property have been incorporated as per the information shared by the Client.

### **1.5. Qualification of Valuers**

The valuation has been prepared by Someshwar Singh, Senior Manager; who is an MBA in Finance and whose expertise lies in the holistic study of a project, from building the financial model to the valuation of the project. He has extensively worked on feasibility studies, valuation reports, market research reports, investment analysis, and fund raising from private equity and real estate funds. He has undertaken various assignments across Western and Northern India.

First Reviewer – Prit S.Paul is a B. Sc, AACI. Prit is a Member of The Royal Institution of Chartered Surveyors (MRICS) and accredited valuer of the Appraisal Institute of Canada. He has also completed a two year Real Estate Certificate program from the University of Alberta, Canada. Mr. Paul served as the Chairman of the Experience Rating Committee of the Appraisal Institute Association.

Second Reviewer - Amit Oberoi, MRICS is a member of the Royal Institution of Chartered Surveyors. He holds dual post-graduate degrees from the Massachusetts Institute of Technology, USA. He has over 14 years of varied work experience as a real estate consultant and a research analyst in development projects across South Asia, Latin America and USA.

## **1.6. Information Source and Its Collection**

All investigations have been conducted independently and without influence from a third party in any way. The information provided in this report has been obtained from the Client; its associates and secondary research, other public information and CI research database. The secondary information source details are appended at respective places in the report

## **1.7. Valuation Standard**

The valuation has been carried out in accordance with the RICS Valuation Standards (7th Edition) published by the Royal Institution of Chartered Surveyors.

## **1.8. Basis of Valuation**

Our valuation is on the basis of Market Value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

## **1.9. Key Assumptions**

This report is subject to the Standard Caveats and Assumptions stated below and as set out at the end of this report as Appendix 02.

- The Property is 100% leasehold with a 90 year lease tenure. We have assumed that it can be freely transferred by way of acquiring ownership of the special purpose vehicle (ITIPPL), mortgaged and let in the market and all proper title certificates and land premiums have been obtained and fully settled.
- Semi-Annual Land Lease premium outgoings to NOIDA authority, of INR 34.75 Mn (Approx.), have been assumed to be already incurred or payable by the development partner and the client is not liable to pay a proportionate share of the same.
- While a physical inspection of the subject property has been conducted; Colliers has not undertaken measurement of the subject site. The valuation is based on visual inspection only.
- We have assumed that the site is free of contamination.
- All dues relating to land use change, licenses and all permits have been fully paid have been obtained from govt. authorities.
- The Client has 50% interest in IT Infrastructure Park Private Limited (special purpose vehicle) along with Logix Group. The special purpose vehicle has an agreement to sub-lease and co-develop 45% (11.2 acres) of larger 24.8 acre plot that was originally leased to Sarv Mangal Realtech Pvt Ltd. The valuation is undertaken to value the 45% (11.2 acres) stake of the special purpose vehicle. Alpha Tiger has 50% stake in the SPV that owns the land in the SEZ i.e. IT Infrastructure Park Private Limited
- Considering the fact that a partial interest of 24.8 acre will be marketed as an interest in an special purpose vehicle, the marketing timing will be relatively higher compared to a typical investment which is a 100% ownership interest in a non SEZ property.

### **1.10. Valuation Rationale**

The method used to estimate the value the subject property is Direct Comparison Approach. This is due to the fact that the subject land parcel is a vacant plot and in such a case, a Direct Comparison with similar properties is the most appropriate approach for the valuation of the same.

#### **Direct Comparison Approach**

This approach estimates the value of the subject properties by comparing recent sales of similar interests in the SEZ projects located in the surrounding area.

By analyzing sales which qualify as ‘arms-length’ transactions, between willing buyers and sellers, adjustments would be made for size, location, time, amenities and other relevant factors when comparing such sales price against the subject property. This approach is commonly used to value standard properties when reliable sales/listing evidence is available.

### **Chapter 2: SITE DETAILS**

<b>Site Overview</b>	
Total Plot Area	11.2 Acres
Ownership Type	Leasehold Property with total lease term of 90 years
Land use Zoning	Industrial as per Master Plan of Noida
Approved use	SEZ for Electronic Hardware and Software including IT/ITES
Current Status	Vacant Land
Accessibility	There is a 45 meter road passing along three sides of the subject property and the subject property (11.20 acres) is at the crossing of two 45 meter roads (as depicted in the layout in Annexure 1). The subject site is accessible from the Noida – Greater Noida Express Highway through the 45 meters road.

### **2.1. Neighborhood and Location**

The subject site is located in Sector 140(A), and is close to the 240 ft wide Gautam Budh Expressway that connects NOIDA to Greater NOIDA. NOIDA Development Authority (NDA) has proposed to develop the in immediate vicinity of the Express Highway as an IT hub and thus, majority of allotments have been for IT/ITes Special Economic Zone (SEZ) and IT Parks.

The land use in majority of sectors in the immediate neighborhood is Institutional/Industrial and the permissible land use is IT Park / IT SEZ / Education in the immediate vicinity of the subject site. Two multi tenanted SEZ – 3C Oxygen and Unitech Info space are also operational along with Advent Navis – an IT Park In addition to the above, a few residential projects are also at various stages of development, most notable being Logix Blossom County, Paras Tierea, Supertech Ecociti and Purvanchal Royal Park.

### **2.2. Current Use**

The subject site (11.2 aces) is part of a 24.8 acre SEZ (Sarv Mangal SEZ) and as per the layout plan shared by the Client, the subject site falls on the crossing of Sector 141, 140(A) and 137.

The subject site has a relatively flat terrain with no major inundation on it. There is no boundary wall or fencing around the same. On a visual inspection, there does not seem to be any development or structure on it. A batching plant is located just behind the subject site. As per the information shared by the Client, the batching plant lies beyond the boundary of the subject site.

At present nearly all the plots in Sector 140(A) are vacant. Nearest developments include residential developments of Logix Blossom County and Paras Tierea which are less than 500 meters from the subject site. Three C's Oxygen SEZ in sector 144 is the nearest operational IT/ITeS development in the neighborhood. Another SEZ by IVR Prime is also proposed in the same sector, but currently is still in a proposed stage.

### **2.3. Lot Size, Dimensions, Topography**

As per the layout plan provided by the Client, the subject is a rectangular shaped vacant land with relatively flat terrain. The subject site is 11.2 acres approximately. The subject is a part of a bigger development of 24.8 acres.

### **2.4. Environmental Issues**

We have no knowledge of any environmental concerns or contamination of the subject site.

### **2.5. Title Particulars**

As per the information shared by the Client, the subject site is a leasehold property in the name of Sarv Mangal Realtech Pvt. Ltd. It is on a 90 year lease term by NOIDA Authority for the purpose of developing a Software Unit / IT Enabled Services. It should be noted that Colliers has not scrutinized the documents with relation to approvals and title of the same.

### **2.6. Zoning and Planning**

Based on the Noida Master Plan, the permitted land use of the subject site under the SEZ guidelines is IT/ITeS & Electronic Hardware.

### **2.7. Highest and Best Use**

As per the Zoning guidelines, the permissible use for the subject property is Institutional/Industrial. The site has been approved and notified for being developed as Business Park led space for Electronic Hardware and Software including IT/ITes with designated areas for other uses. Therefore, it is considered that IT/ITeS & Electronic Hardware is believed to be the highest and best use of the vacant subject site.

### **3.1. Valuation**

The per unit value of similar options lies in the range of

**INR 18,000 – 20,000 per sq. meter**

**(INR Eighteen Thousand to Twenty Thousand Only)**

**Or**

**GBP 220 – 245 per sq. meter**

**(Pounds Sterling Two Hundred and Twenty to Two Hundred and Forty Five Only)**

As on 30th November 2011 the market value of the subject property (11.2 acres) is estimated at INR 18,500 per sq. meter (INR Eighteen Thousand Five Hundred Only). Thus, the value of the subject 11.2 acre site is:

**INR 840 million, rounded**

**(INR Eight Hundred and Forty Million Only)**

**Or**

**GBP 10.286 Million**

**(Pounds Sterling Ten Million Two Hundred and Eighty Six Thousand Only)**

Thus, based on Alpha Tiger's holding in ITIPPL (50%), their apportionment of the above figure would, therefore, be **GBP 5,143,000/-** (Pounds Sterling Five Million One Hundred and Forty Three Only, rounded)



## APPENDIX 1: CAVEATS AND ASSUMPTIONS

### 1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

**‘Confidential Information’** means information that:

- (a) Is by its nature confidential.
- (b) Is designed by us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

**‘Currency Date’** means, in relation to any consultancy report, the date as at which our professional opinion is stated to be current.

**‘Fee’** means the amount agreed to be paid for the Services as set out in the Quotation.

**‘Parties’** means You or Us as the context dictates.

**‘Quotation’** means the written quote provided by Us in relation to the Services.

**‘Services’** means the consultancy services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

**‘The Property’** means the assets which are subject of our appointment as your advisor.

**‘We’, ‘Us’, ‘Our’, ‘Colliers’** means Colliers International Limited.

**‘You’, ‘Your’, ‘Client’** means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

**‘Professional Property Practice Standards’** refers to RICS Valuation and Appraisal Handbook, or appropriate standards.

### 2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

### **3. CONDITION OF THE PROPERTY**

- 3.1 We have assumed that any development sITeS are in a condition suitable for development; this has not been checked by us.
- 3.2 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

### **4. ENVIRONMENT AND PLANNING**

- 4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

### **5. OTHER ASSUMPTIONS**

- 5.1 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 5.2 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements.
- 5.3 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 5.4 Unless clear information is given to the contrary, it will be assumed that the land titles are valid and clear and that the Property can be freely disposed of in the open market. It will be further assumed that no encumbrances exist and site conditions are normal.

### **6. ESTIMATED SELLING PRICE**

- 6.1 Where you instruct us to provide an Estimated Selling Price, You agree that the Services:
  - (a) Are limited to the provision of an opinion based on our knowledge of the market and informal enquiries.
  - (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s).
  - (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 6.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

## **7. CURRENCY USED IN REPORT**

- 7.1 Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.
- 7.2 Where You rely upon Our consultancy report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

## **8. MARKET PROJECTIONS**

- 8.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 8.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 8.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

## **9. YOUR OBLIGATIONS**

- 9.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 9.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 9.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 9.4 We reserve the right to reconsider or amend the consultancy advice, or the Fee set out in Our Quotation to You, if;
  - (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
- 9.6 If You release any part of the consultancy advice or its substance without written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this consultancy advice.

## **10. CONFIDENTIALITY**

- 10.1 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
- 10.2 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
- 10.3 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.
- 10.4 The Client is permitted to use the report for presentation to prospective clients or investors or bankers or credit rating agencies for the purpose of raising funds or selling the project

## **11. PRIVACY**

- 11.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organization other than Us.

## **12. SUBCONTRACTING**

- 12.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

## **13. LIMITATION OF COLLIERS LIABILITY**

- 13.1 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this consultancy report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

## **14. ENTIRE AGREEMENT**

- 14.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorized officers.
- 14.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from you, or other specific request or information shall prevail to the extent of the inconsistency.

## **PART VII ADDITIONAL INFORMATION**

### **1. DIRECTORS' RESPONSIBILITIES**

- 1.1** The Company and each of the Directors, whose names appear on paragraph 1 of Part III of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **2. INCORPORATION AND ADMINISTRATION**

- 2.1** The Company was incorporated in Guernsey on 15 May 2006 with the name "Alpha Tiger Property Trust Limited" with registered number 44786 as a non-cellular company limited by shares. The Company has been incorporated with an unlimited life. The Company operates under the Companies Law and ordinances and regulations made thereunder. It has no employees. The Company has not been authorised by the FSA, nor is it regulated by the FSA.
- 2.2** The address of the registered office of the Company is PO Box 327, Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey GY1 3TX and its telephone number is +44 (0)1481 735540.
- 2.3** The Company's principal activity is investment in real estate, real estate operating companies and securities, real estate services and other real estate related businesses.
- 2.4** The memorandum of incorporation of the Company provides that the objects of the Company include carrying on business as an investment company.
- 2.5** Changes in the authorised and issued share capital of the Company since its incorporation are summarised in paragraph 3.8 below.
- 2.6** BDO Limited has been the auditor of the Company since its incorporation and is a member of the Institute of Chartered Accountants of England & Wales. The annual accounts are prepared in accordance with the IFRS.
- 2.7** Since 30 September 2011, being the date to which the Group's last unaudited interim financial statements have been made up, there has been no significant change in the trading or financial position of the Group.
- 2.8** There has been no material change to the valuations set out in Part VI of this document, since the date such valuations were prepared.
- 2.9** The website of the Company is: <http://www.alphatigerpropertytrust.com/>

### **3. SHARE CAPITAL**

- 3.1** The authorised share capital of the Company since incorporation (on 15 May 2006) is represented by an unlimited number of Shares with no par value. Two Shares were issued for the purposes of incorporation to the subscribers to the memorandum of association.

In a series of transactions between 24 November 2008 and 12 December 2011, set out in the table at paragraph 3.8 below, the Company purchased 25,605,468 Shares of no par value. The purchased Shares have been cancelled. During the same period 7,500,000 shares have been held in treasury, 1,946,719 of which have subsequently been cancelled to ensure that the Company

holds no more than 10 per cent of its share capital in treasury pursuant to the Companies Law. The Company may purchase further Shares between the date of this document and the expected admission of the Shares on the SFM on 23 March 2012 pursuant to the authority granted at the EGM dated 17 March 2011.

- 3.2** As at 9 March 2012, the ordinary share capital of the Company is 55,532,813 (including shares held in treasury). The Company holds a total of 5,553,281 shares in treasury. The total voting rights in the Company as at 9 March 2012 is 49,979,532.
- 3.3** The Company has one class of ordinary share which carries no right to fixed income. The Company has the right to reissue or cancel the remaining treasury shares at a later date.
- 3.4** All of the Shares are in registered form and eligible for settlement in CREST. Temporary documents of title have not been issued.
- 3.5** The Directors are entitled to allot and issue Shares of the Company for cash or otherwise. Neither the Companies Law nor the Articles confer any rights of pre-emption in favour of existing Shareholders in respect of such unissued share capital.
- 3.6** Subject to the exceptions set out in paragraph 8.2.11 of this Part VII in the section headed “Transfer of Shares”, Shares are freely transferable and Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Shares in a winding up of the Company or a winding up of the business of the Company.
- 3.7** Save as disclosed in paragraph 3.8, since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.8** The following is a summary of the changes in the issued share capital of the Company and in the numbers of issued warrants of the Company from incorporation to 9 March 2012 (the latest practicable date prior to the publication of this Prospectus).

<b>Date of Buyback</b>	<b>Ordinary Shares Issued/ (Purchased)</b>	<b>Amount of Treasury Shares Held/ (Cancelled)</b>	<b>Balance of Treasury Shares</b>	<b>Balance of Ordinary Shares Holding Voting Rights</b>	<b>Resultant Issued Share Capital</b>
15-May-06	1			1	1
15-May-06	1			2	2
12-Dec-06	74,999,998			75,000,000	75,000,000
24-Nov-08	(5,900,000)	5,900,000	5,900,000	69,100,000	75,000,000
16-Nov-09	(1,600,000)	1,600,000	7,500,000	67,500,000	75,000,000
11-Jan-10	(10,537,706)	(1,170,857)	6,329,143	56,962,294	63,291,437
13-May-10	(350,000)	(38,889)	6,290,254	56,612,294	62,902,548
26-May-10	(100,000)	(11,111)	6,279,143	56,512,294	62,791,437
07-Jun-10	(100,000)	(11,111)	6,268,032	56,412,294	62,680,326
31-Mar-11	(900,000)	(100,000)	6,168,032	55,512,294	61,680,326

<b>Date of Buyback</b>	<b>Ordinary Shares Issued/ (Purchased)</b>	<b>Amount of Treasury Shares Held/ (Cancelled)</b>	<b>Balance of Treasury Shares</b>	<b>Balance of Ordinary Shares Holding Voting Rights</b>	<b>Resultant Issued Share Capital</b>
08-Apr-11	(50,000)	(5,555)	6,162,477	55,462,294	61,624,771
05-May-11	(75,000)	(8,334)	6,154,143	55,387,294	61,541,437
10-May-11	(500,000)	(55,555)	6,098,588	54,887,294	60,985,882
16-May-11	(100,000)	(11,111)	6,087,477	54,787,294	60,874,771
17-May-11	(50,000)	(5,556)	6,081,921	54,737,294	60,819,215
30-Jun-11	(1,385,000)	(153,889)	5,928,032	53,352,294	59,280,326
12-Jul-11	(50,000)	(5,555)	5,922,477	53,302,294	59,224,771
13-Jul-11	(93,109)	(10,346)	5,912,131	53,209,185	59,121,316
28-Jul-11	(40,000)	(4,444)	5,907,687	53,169,185	59,076,872
02-Aug-11	(75,000)	(8,334)	5,899,353	53,094,185	58,993,538
04-Aug-11	(50,000)	(5,555)	5,893,798	53,044,185	58,937,983
05-Aug-11	(150,000)	(16,667)	5,877,131	52,894,185	58,771,316
09-Aug-11	(650,000)	(72,222)	5,804,909	52,244,185	58,049,094
11-Aug-11	(325,000)	(36,111)	5,768,798	51,919,185	57,687,983
19-Aug-11	(70,000)	(7,778)	5,761,020	51,849,185	57,610,205
02-Sep-11	(50,000)	(5,555)	5,755,465	51,799,185	57,554,650
08-Sep-11	(1,000,000)	(111,112)	5,644,353	50,799,185	56,443,538
12-Sep-11	(135,000)	(15,000)	5,629,353	50,664,185	56,293,538
22-Sep-11	(100,000)	(11,111)	5,618,242	50,564,185	56,182,427
27-Sep-11	(150,000)	(16,666)	5,601,576	50,414,185	56,015,761
28-Sep-11	(100,000)	(11,111)	5,590,465	50,314,185	55,904,650
17-Oct-11	(65,0000)	(7,223)	5,583,242	50,249,185	55,832,427
27-Oct-11	(50,000)	(5,555)	5,577,687	50,199,185	55,776,872
10-Nov-11	(59,653)	(6,628)	5,571,059	50,139,532	55,710,591
16-Nov-11	(105,000)	(11,667)	5,559,392	50,034,532	55,593,924
12-Dec-11	(55,000)	(6,111)	5,553,281	49,979,532	55,532,813

#### 4. CAPITALISATION AND INDEBTEDNESS

<b><u>Total current debt</u></b>	<b>As at 31 December 2011 £'000</b>
Guaranteed .....	<b>0</b>
Secured .....	<b>180</b>
Unguaranteed/unsecured .....	<b>0</b>

<b>Total non-current debt (excluding current position of non-current debt)</b>	<b>As at 31 December 2011 £'000</b>
Guaranteed .....	<b>0</b>
Secured .....	<b>16,818</b>
Unguaranteed/unsecured .....	<b>0</b>
Total Indebtedness	<b>16,998</b>
<b>The following table shows the capitalisation of the Company:</b>	
<b><u>Shareholders' equity</u></b>	<b>As at 31 December 2011 £'000</b>
Share capital .....	0
Legal reserve .....	0
Other reserves .....	56,859
Total .....	56,859

The company's equity reduced from 30 September 2011 to 31 December 2011 primarily as a result of share buybacks during the period. There have been no buybacks since 31 December 2011. See paragraph 3 of Part VII for more details.

<b><u>Net indebtedness in the short term and in the medium-long term:</u></b>	<b>As at 31 December 2011 £'000</b>
Cash	15,237
Liquidity	<b>15,237</b>
Current Bank debt	62
Current portion of non current debt	118
Current Financial Debt	<b>180</b>
Net Current Financial Indebtedness	15,057
Non current Bank loans	16,818
Non current Financial Indebtedness	16,818



Net Financial Indebtedness	1,761
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There is no indirect or contingent indebtedness.

The information in the above table has not been audited.

## 5. ORGANISATIONAL STRUCTURE AND SUBSIDIARY UNDERTAKINGS

The Company is the holding company of the Group and has the following subsidiary undertakings or other significant holdings:

Name	Place and date of incorporation	Authorised share capital	Issued share capital	Nature of business	% held by Company
Alpha Tiger Cyprus Holdings Limited	Cyprus 13 August 2007	9840 shares of INR 1 each	9840 shares of INR 1 each	Property Investment Company	100 (direct)
Alpha Tiger Cyprus Investments No. 1 Limited	Cyprus 13 August 2007	10,840 shares of INR 1 each	10,840 shares of INR1 each	Property Investment Company	100 (indirect)
Alpha Tiger Cyprus Investments No. 2 Limited	Cyprus 27 November 2007	65,720 shares of INR 1 each	6,572 shares of INR 1 each	Property Investment Company	100 (indirect)
Alpha Tiger Cyprus Investments No. 3 Limited	Cyprus 27 November 2007	19,430 shares of INR 1 each	6,444 shares of INR 1 each	Property Investment Company	100 (indirect)
IT Infrastructure Park Private Limited	India 22 August 2001	60,000,000 shares of INR 10 each	42,000,000 shares of INR 10 each	Property Investment Company	50 (indirect)
LuxCo 111 S.à.r.l.	Luxembourg 23 December 2009	1,020,000 shares of EUR 1 each	1,020,000 shares of EUR 1 each	Property Investment Company	51 (direct)
KMS Holdings B.V.	Netherlands 3 June 2004	600 ordinary shares and 300 preferred shares of EUR 100 each	193,100 shares of EUR 1 each	Property Investment Company	26.01 (indirect)

<b>Name</b>	<b>Place and date of incorporation</b>	<b>Authorised share capital</b>	<b>Issued share capital</b>	<b>Nature of business</b>	<b>% held by Company</b>
Alpha Tiger Spain No. 1 SLU	Spain 22 January 2010	193,100 shares of EUR 1 each	193,100 shares of EUR 1 each	Property Investment Company	26.01 (indirect)
Alpha Tiger Spain No. 2 SLU	Spain 22 January 2010	3,100 shares of EUR 1 each	3,100 shares of EUR 1 each	Property Investment Company	26.01 (indirect)
LuxCo 114 S.à.r.l.	Luxembourg 18 March 2010	500 shares of EUR 25 each	500 shares of EUR 25 each	Property Investment Company	100 (direct)

## 6. DIRECTORS' AND OTHER INTERESTS

### 6.1 Conflicts of Interest

There are no potential conflicts between the duties the Directors of the Company or any committee therein owe to the Company and their private interests or other duties save insofar as any potential conflicting interests as described more fully in paragraph 9 of Part III.

### 6.2 Other Directorships

In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, within the past five years. Details of the directorships that are held and have been held in the past five years by any Director will also be made available to any subscriber or potential subscriber at the registered office of the Company.

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
<i>Jeffrey Chowdhry</i>		
		F&C Emerging Markets (India) Limited
		Sun F&C Asset Management (India) PVT. Limited
<i>David Jeffreys</i>	Alpha Pyrenees Trust Limited	EQT I Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Alpha Pyrenees Luxembourg Sarl	EQT III Limited
	Alpha Pyrenees Trust Finance Company Limited	EQT IV Limited
	Alpha Tiger Property Trust Limited	EQT V Limited
	Alpha German Property Income Trust Limited	EQT Opportunity Limited
	Alpha German Property Income Trust special purpose vehicle 1 Limited	EQT Infrastructure Limited
	Alpha German Property Income Trust special purpose vehicle 2 Limited	EQT Greater China II Limited
	Alpha German Property Income Trust special purpose vehicle 3 Limited	EQT Credit Limited
	Alpha German Property Income Trust special purpose vehicle 4 Limited	EQT Expansion Capital I Limited
	Alpha German Property Income Trust special purpose vehicle 5 Limited	EQT Expansion Capital II Limited
	Alpha German Property Income Trust special purpose vehicle 6 Limited	EQT Funds Management Limited
	Alpha German Property Income Trust special purpose vehicle 7 Limited	PFB Regional Office Fund Limited
	Alpha German Property Income Trust special purpose vehicle 8 Limited	Argo Real Estate Opportunities Fund Limited
	Alpha German Property Income Trust special purpose vehicle 9 Limited	Curzon Capital Investment Management Limited
	Alpha German Property Income Trust special purpose vehicle 10 Limited	Prosperity Quest II GP Limited
	Alpha German Property Income Trust special purpose vehicle 11 Limited	EQT General Partner (UK) Limited
	Alpha German Property Income Trust special purpose vehicle 12 Limited	EQT IV Investments Limited
	Alpha German Property Income Trust special purpose vehicle 13 Limited	EQT IV RFA Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Alpha German Property Income Trust special purpose vehicle 14 Limited	EQT V Investments Limited
	Alpha German Property Income Trust special purpose vehicle 15 Limited	EQT V RFA Limited
	Alpha German Property Income Trust special purpose vehicle 16 Limited	EQT Expansion Capital II Investments Limited
	Alpha German Property Income Trust special purpose vehicle 17 Limited	EQT Opportunity Investments Limited
	Alpha German Property Income Trust special purpose vehicle 18 Limited	EQT Opportunity RFA Limited
	Ampezzo Capital PCC Limited	EQT Greater China II Investments Limited
	Dragon Capital Clean Development Limited	EQT Greater China II RFA Limited
	Equitix GP 1 Limited	EQT MLP Limited
	Equitix GP 2 Limited	EQT DLP Limited
	Ingenious Media Active Capital Limited	Spring Holding Guernsey Limited
	Multi-Manager Investment Programmes PCC limited	E4DO Limited
	European Equity Asset Holder (A) Limited	ECRF Limited
	European Equity Asset Holder (C) Limited	EQT III CH I S.a.r.l
	Japanese Equity Asset Holder (A) Limited	Ark Holding Guernsey Limited
	Japanese Equity Asset Holder (C) Limited	Ark Holding Guernsey II Limited
	Pacific Basin Equity Asset Holder (A) Limited	Ark Holding Guernsey III Limited
	Pacific Basin Equity Asset Holder (C) Limited	Blackcastle Limited
	UK Equity Asset Holder (A) Limited	Buster Holding Guernsey Limited
	UK Equity Asset Holder (C) Limited	Caesar Holding Limited
	NAEF Asset Holder Limited	Calypso Holding Guernsey Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	North American Asset Holder (C) Limited	Caroline Holding Guernsey Limited
	US Equity Holdings Limited	Cilbup Holding Guernsey Limited
	Global High Yield Asset Holdings (A) Limited	Definite Holding Guernsey Limited
	Global High Yield Asset Holdings (C) Limited	Definite Holding Guernsey II Limited
	DARF Holdings (Sterling) Limited	Definite Holding Guernsey III Limited
	DARF Holdings (USD) Limited	Delphi Holding Guernsey Limited
	GEF Asset Holder Limited	Dream Holding Guernsey Limited
	PFB Data Centre Fund Limited	EFDO Limited
	Prosperity Quest II Unlisted Limited	Estate Holding Guernsey Limited
	Reiten Capital Partners VI GP Limited	Fashion Holding Guernsey Limited
	Reiten Capital Partners VII GP Limited	Fasteners Holding Guernsey Limited
	Reiten & Co Capital Partners VIII GP Limited	Gordon Holding Guernsey I Limited
	Tetragon Financial Group Limited	Gordon Holding Guernsey II Limited
	Tetragon Financial Group Master Fund Limited	Gordon Holding Guernsey III Limited
	Pistaz Holdings Limited	Select Guernsey Holding Limited
	Pistaz Investments Limited	Gordon Holding Guernsey V Limited
		Isabelle Holding I Limited
		Leader Holding Guernsey Limited
		Munksjo Guernsey Holdings Limited
		Nnifpow Holdings Limited
		Pharao Guernsey Holding Limited
		Phoenix Holding Guernsey Limited
		Piston Holding Guernsey Limited
		Piston Holding Guernsey II Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
		Q Fund of Funds GP Limited
		Roma Holding (Guernsey) I Limited
		Seeker (Guernsey) Holdings Limited
		Snowball Holding Guernsey Limited
		Snowstorm Holding Guernsey Limited
		Titan Holding Guernsey Limited
		Tolkien Holding Guernsey Limited
		Tube Holding Guernsey I Limited
		Tube Holding Guernsey II Limited
		Tube Holding Guernsey III Limited
		Walzer Holding Guernsey Limited
		Walzer Holding Guernsey II Limited
		Walzer Holding Guernsey III Limited
		Wire Holding Guernsey Limited
		Wopnif Holdings Limited
		TimeLease III Limited
		TimeLease IV Limited
		TimeLease V Limited
		Leader (Cayman Islands) Limited
		Leader Holding (BVI) Limited
		Leader Holding (BVI) II Limited
		Janstar Investment Limited
		Granbo Investment Limited

Name	Current directorships/partnerships	Previous directorships/partnerships
		Estate Holding Guernsey Limited
		Kerrera Company Limited
		Jenway Development Ltd.
		Trivana Limited
		PSM Investments Limited
		Hingley International Limited
		PSM IP Limited
		Lanton Limited
		IT Infrastructure Park Private Limited
		Pasco Software I Park Private Limited
		Alpha Tiger Property Development Company (Chennai) Private Limited
		Alpha Tiger Property Development Company (Pune) Private Limited
		Pistaz Property III Limited
		Pistaz Property V Limited
		Pistaz Property VII Limited
		Pistaz Property XI Limited
		Pistaz Property XIII Limited
<b>Phillip Rose</b>	Alpha German Property Income Trust Limited	Alpha German Property Income Trust SPV1 Limited
	Alpha Pyrenees Trust Limited	Alpha German Property Income Trust SPV10 Limited
	Alpha Global Property Securities Fund PTE. LTD	Alpha German Property Income Trust SPV11 Limited
	Great Portland Estates plc	Alpha German Property Income Trust SPV12 Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
		Alpha German Property Income Trust SPV13 Limited
		Alpha German Property Income Trust SPV14 Limited
		Alpha German Property Income Trust SPV15 Limited
		Alpha German Property Income Trust SPV16 Limited
		Alpha German Property Income Trust SPV17 Limited
		Alpha German Property Income Trust SPV18 Limited
		Alpha German Property Income Trust SPV2 Limited
		Alpha German Property Income Trust SPV3 Limited
		Alpha German Property Income Trust SPV4 Limited
		Alpha German Property Income Trust SPV5 Limited
		Alpha German Property Income Trust SPV6 Limited
		Alpha German Property Income Trust SPV7 Limited
		Alpha German Property Income Trust SPV8 Limited
		Alpha German Property Income Trust SPV9 Limited
		Alpha Pyrenees Trust Finance Company Finance Limited
		Alpha Pyrenees Luxembourg SARL
<b><i>Roddy Sage</i></b>	A.F. Private Limited	FCP Group Limited
	Abundant Wealth Holdings Limited	
	Advance Power Holdings Limited	



<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	AF Corporate Services Pte Ltd	
	AFP Fiduciary Services Limited	
	AFP Holdings Limited	
	AFP Management Limited	
	AFP Secretaries Limited	
	Allied Finance (Hong Kong) Ltd	
	Altus Management Holdings Limited	
	Anglo-American Capital Partners Limited	
	Apex Billion Limited	
	Asia Alliance Worldwide Holdings Limited	
	Asia Alternative Acquisition Corporation	
	Asia Project Investments Limited	
	Balancing Wealth Investment Limited	
	Best Efforts Limited	
	Biggles Spirit of Adventure (PTC) Limited	
	Bloomford Development Limited	
	Bonham Langkawi Capital Group Limited	
	Bridge Capital Group Management Limited	
	Century Grand Investments Limited	
	Classic King Enterprises Inc.	
	Comford Resource Limited	
	Correct Positioning Co Ltd	
	Decor8 Europe Limited	

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Decor8 Tiles International Limited	
	Delta Alliance Resources Limited	
	Dynamic Growth Limited	
	Europe-Asia Project Development Limited	
	Evered International Limited	
	Facades Australia Limited	
	FBC ASIA Ltd	
	GBS Global Business Services Limited	
	Glory Wish Enterprises Limited	
	Guoco Group Limited	
	Hongwei International Limited	
	Jadefield International Limited	
	JCS International Limited	
	JMT Services (HK) Limited	
	JS Capital Investments Limited	
	JURA Overseas (HK) Limited	
	Mechatronics Controls Industries Limited	
	NCO Holdings Ltd	
	NCO Services Limited	
	Ocean Noble Investments Limited	
	One Real Dream PTC Limited	
	R.E.N. Services Limited	
	Rosenquist Capital Limited	
	Roswell Holdings Limited	
	SBFC Asia Limited	
	Scand Mining Corporation Limited	
	Sea Island Limited	

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Sinoview Investments Limited	
	Splendid Strike Limited	
	Tai Ping Carpets International	
	Tambero Limited	
	Universal Goal Limited	
	Van Helden Investments Ltd	
	Wealthy Giant Investment Limited	
	Wessex Group INC.	
	WRN Limited	
<b><i>Serena Tremlett</i></b>	Alpha Pyrenees Belgium SA	Alpha German Property Income Trust Limited
	Alpha Pyrenees Luxembourg SARL	Alpha German Property Income Trust SPV 1 Limited
	Alpha Pyrenees Trust Limited	Alpha German Property Income Trust SPV 2 Limited
	Alpha Pyrenees Trust Finance Company	Alpha German Property Income Trust SPV 3 Limited
	Alpha Pyrenees Alcala S.L.	Alpha German Property Income Trust SPV 4 Limited
	Alpha Pyrenees Ecija S.L.	Alpha German Property Income Trust SPV 5 Limited
	Alpha Pyrenees Spain S.L.	Alpha German Property Income Trust SPV 6 Limited
	Alpha Tiger Property Trust Limited	Alpha German Property Income Trust SPV 7 Limited
	Alpha Tiger Cyprus Holdings Limited	Alpha German Property Income Trust SPV 8 Limited
	Alpha Tiger Guernsey Holdings No.1 Limited	Alpha German Property Income Trust SPV 9 Limited
	Alpha Tiger Investments No. 1	Alpha German Property Income Trust

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Limited	SPV 10 Limited
	Alpha Tiger Investments No. 2 Limited	Alpha German Property Income Trust SPV 11 Limited
	Alpha Tiger Investments No. 3 Limited	Alpha German Property Income Trust SPV 12 Limited
	Alpha Tiger Investments No. 4 Limited	Alpha German Property Income Trust SPV 13 Limited
	Alpha Tiger Spain 1, S.L. (formerly Orangeburg S.L.)	Alpha German Property Income Trust SPV 14 Limited
	Alpha Tiger Spain 2, S.L. (formerly Moundville, S.L.)	Alpha German Property Income Trust SPV 15 Limited
	ApexHi Property Fund Limited	Alpha German Property Income Trust SPV 16 Limited
	Assura Pharmacy Holdings Limited (formerly MPF Pharmacies Ltd)	Alpha German Property Income Trust SPV 17 Limited
	Assura Property Limited (formerly MPIF Holdings Limited)	Alpha German Property Income Trust SPV 18 Limited
	AUB UK Student Accommodation Company Limited	Alpha Tiger Investments No. 5 Limited
	AUB UK SA Limited	Alpha Tiger Property Development Company (Chennai) Private Limited
	AUB UK SAF NRL Limited	Alpha Tiger Property Development Company (Pune) Private Limited
	Axeltrust Limited	Assura Diagnostics Limited
	Bio City Global Limited	Assura Estates Limited (formerly MPF Estates Limited)
	Claremont International Property Limited	Assura Finance Limited
	Endeavour Guernsey Limited	Assura Group Limited (formerly The Medical Property Investment Fund

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
		Limited)
	Endeavour Ware Limited	Assura Health and Wellness Centres Limited
	GCG Manager S.A.	Assura Intelligence Limited (formerly Stream Partners Limited)
	Generation Asset Management Limited	GB Partnerships Limited (formerly Assura LIFT Holdings Limited)
	Ingenious Media Active Capital Limited	Assura Management Services Limited
	KMS Holding B.V.	Assura Medical Limited
	LuxCo 111 Sàrl	Assura Medical Solutions Limited
	LuxCo 114 Sàrl	Cambridgeshire ICO Limited (formerly Assura Mobility Limited)
	Moat Limited	Assura PharmInvest Limited
	Moneypenny Limited	Assura Pharmacy Limited
	Morgan Sharpe Administration Limited (formerly Berrington Fund Management Ltd and Assura Administration Limited)	Assura Properties PLC
	Morgan Sharpe Corporate Services Limited	Assura Properties UK Limited
	Morgan Sharpe Nominees Limited (formerly Assura Nominees Limited)	Assura Property Management Limited
	NewRiver Retail Acquisitions Limited	Assura Retail York Limited
	NewRiver Retail CUL No 1 Limited	Assura (Scotland) Limited
	NewRiver Retail (Finco No. 1) Limited	AUB MOPUS (Jersey) Company (Institutional) Limited
	NewRiver Retail (GP1) Limited	AUB MOPUS (Jersey) Company (Retail Stock) Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	NewRiver Retail Investments (GP) Limited	AUB MOPUS (Jersey) Company (Retail Debt) Limited
	NewRiver Retail Holdings Limited	BHE (Heartlands) Limited
	NewRiver Retail (Nominee 1) Limited	BHE (Wand) Limited
	Park Square Capital Credit Opportunities General Partner Limited	Brandon Hire (Guernsey) Limited
	Park Square Capital Credit Opportunities Founder Partner GP Limited	Clearup Limited
	Park Square Capital Founder Partner GP Limited	Cystoscope Hire Limited
	Park Square Capital Managing General Partner Limited	DV3 Mid City Limited
	Park Square Capital Partners II General Partner Limited	NewRiver Retail Limited
	Park Square Capital Partners II Founder Partner GP Limited	NewRiver Retail (Market Deeping No. 1) Limited
	Park Square Capital Partners II Supplemental Fund GP Limited	NewRiver Retail (Newcastle No. 1) Limited
	PSCP Credit Opportunities B GP Limited	NewRiver Retail (Portfolio No. 1) Limited
	PSCP Holdings (Guernsey), Limited	NewRiver Retail (Portfolio No. 2) Limited
	Prometheus Capital Partners Fund I Holdings Limited	NewRiver Retail (Wrexham No. 1) Limited
	SAC Nominees Limited	P&L Worsley Limited
	Scholar Property Investments Limited	PP Investors Limited
	Scholar Property Holdings	Starwest (Tottenham Court) Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Limited	
	Stenham Berlin Residential Fund Limited	Urosonics Limited
	Stenham German Property Portfolio 2 Limited	Westar (Blackpool) Limited (formerly WTC Limited)
	Stenham German Property Portfolio 2 Accumulator Limited	Westbury (Hull) Limited
	Stenham German Property Portfolio 3 Limited	
	Stenham German Property Portfolio 3 Accumulator Limited	
	Stenham Japan Property Portfolio Limited	
	Stenham Japan Property Portfolio Accumulator Limited	
	Stenham Swiss Property Portfolio Limited	
	Stenham Swiss Property Portfolio Accumulator Limited	
	Stenham UK Property Portfolio 2 Limited	
	Stenham UK Property Portfolio 2 Accumulator Limited	
	Stenham UK Property Portfolio 3 Limited	
	Stenham UK Property Portfolio 4 Limited	
	Stenham UK Property Portfolio 5 Limited	
	STF General Partner Limited	

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships/partnerships</b>
	Westbury Schools Limited (formerly Westbury Retail Ltd)	
	Westbury Fitness Limited	
	WPL Investments Limited	
	WPL Ventures Limited	
	Westbury Properties Limited	

### 6.3 Directors' Interests

The interests (all of which are beneficial) of the Directors and their immediate families and, so far as is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of section 252 of the Companies Act 2006, as amended) which, if the connected person were a Director would otherwise be disclosed pursuant to this paragraph, in the share capital of the Company as at the date of this document and on Admission, are or are expected to be as follows:

	<b>Following Admission</b>	
<b>Director</b>	<b>Number of Shares</b>	<b>Percentage of issued shares</b>
David Jeffreys	10,000	0.02
Jeff Chowdhry	40,000	0.07
Phillip Rose	139,695	0.25
Roddy Sage	0	0
Serena Tremlett	15,000	0.03

Save as disclosed above, none of the Directors nor any person connected with them (within the meaning of within the meaning of section 252 of the Companies Act 2006, as amended) has any interest in the share capital of the Company.

The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company. No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company since incorporation or which have been effected by the Company since incorporation and which remain in any respect outstanding or unperformed.



The persons, including the Directors, referred to in paragraph 1 of Part III above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

As at the date of this document, none of the Directors has:

- any unspent convictions in relation to indictable offences;
- been bankrupt or entered into any individual voluntary arrangement;
- been a director of any company at the time of or within 12 months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
- been a partner in any partnership at the time of or within 12 months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership, nor have any of their assets been the subject of receivership; or
- been subject to any public criticism by any statutory or regulatory authority (including any recognised professional bodies) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

There are no outstanding loans granted by the Company to any of the Directors nor has any guarantee been provided by the Company for their benefit.

The maximum aggregate amount of remuneration payable to the Directors permitted under the Articles is £200,000 per annum.

The Directors were appointed as non-executive directors by letters of appointment. A Director's appointment can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that a Director's appointment shall be terminated, amongst other things if he becomes bankrupt or makes an arrangement or compromise with his creditors; or he becomes resident for tax purposes in the United Kingdom and, as a result thereof, a majority of the Directors are resident for tax purposes in the United Kingdom; or he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or he is removed from office by an ordinary resolution.

### Directors' remuneration

During the year the Directors received the following emoluments in the form of fees from Group companies

	Year ended 31 March 2011 £	15 months ended 31 March 2010 £
David Jeffreys	37,839	44,321
Phillip Rose	20,000	25,000
Serena Tremlett	28,000	35,000
Jeff Chowdhry	20,000	25,000
Roddy Sage	20,000	25,000
TOTAL	125,839	154,321

### 6.4 Related Party Transactions

The Company will inform the Shareholders of any material related party transactions through an RIS.

The following is all related party transactions which have been entered into by the Group between the incorporation of the Company and the date of this document and that are still binding on or otherwise affect the Group as at the date of this document:

**(a)** Investment Manager

The Investment Manager, under the terms of the Investment Manager Agreement, is considered a related party of the Company. The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to Total Shareholder Return, whereby the fee is 20 per cent of any excess over an annualised Total Shareholder Return of 15 per cent subject to a rolling 3 year high water mark (paragraph 21 of the 2011 Interim Accounts).

**(b)** H2O Investment

The Investment Manager, via its wholly-owned subsidiary Alpha Global, has co-invested in the H2O Investment (paragraph 21 of the 2011 Interim Accounts). The Company owns 51 per cent of share capital of LuxCo 111 SARL which in turn owns 51 per cent of the share capital of KMS Holdings BV (the remaining 49 per cent is owned by Alpha Global). KMS Holdings BV owns 100 per cent of the share capital of Alpha Tiger Spain No. 1 SLU which is the owner of the H2O shopping centre.

The Company has entered into an option agreement dated 21 July 2011 giving the Company the right to acquire Alpha Global's investment for a pre-determined price (or fair value, if higher) before 31 March 2012 (paragraph 21 of the 2011 Interim Accounts).

The Investment Manager has a management agreement directly with Alpha Tiger Spain No. 1 SLU under which it earns a fee of 0.9 per cent per annum based upon the gross assets of Alpha Tiger Spain No. 1 SLU. In order to avoid double counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Company's net asset value attributable to the H2O Investment (paragraph 21 of the 2011 Interim Accounts).

**(c) AUMP Investment**

AUMP was previously managed by Close Investments Limited, a division of Close Brothers bank. As part of the Company's investment in CHIP, Phillip Rose was appointed to the board and the Investment Manager was appointed fund manager (paragraph 21 of the 2011 Interim Accounts).

**(d) FIT Investment**

FIT was previously managed by Close Asset Management Limited and Close Investments Limited, both divisions of Close Brothers bank. Following the investment by the Company, Close Brothers sold their property fund management businesses to ARPIA, a subsidiary of the Investment Manager. The Investment Manager and ARPIA have agreed rebates of their fees in relation to these investments to avoid double charging the Company (paragraph 28 of the 2011 Accounts).

**(e) AURE Investment**

AURE was previously managed by Aberdeen Property Investors UK Limited. As part of the Company's investment in the fund, Phillip Rose and Brad Bauman were appointed to the board and the Investment Manager was appointed fund manager (paragraph 21 of the 2011 Interim Accounts).

**(f) Share Holdings of the Investment Manager**

At 30 September 2011, the Investment Manager owns 22,175,000 shares, representing 38.5 per cent of the Company's issued share capital (paragraph 21 of the 2011 Interim Accounts).

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2011 (paragraph 21 of the 2011 Interim Accounts):

<i><b>Name</b></i>	<i><b>Shares held at 31 March 2011:</b></i>
IPGL Property Funds Limited	10,100
IPGL Limited	3,000,000
Phillip Rose	139,695
Brad Bauman	55,006

Ronald Armist	500
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## **7. TAXATION**

### **7.1 General**

The information below, which relates only to Guernsey and United Kingdom taxation, summarises the advice received by the Board and is applicable to the Company and to persons who are resident or ordinarily resident in Guernsey or the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current Guernsey and United Kingdom revenue law and published practice, and remains, subject to change (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring or receiving their Shares in connection with their employment may be taxed differently and are not considered.

**If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the United Kingdom or Guernsey, you should consult your professional adviser.**

### **7.2 United Kingdom**

#### **7.2.1 The Company**

Subject to the Directors' ongoing review of the investment structure and commercial operations, it is the intention of the Directors that the affairs of the Company will continue to be conducted so that the Company will not be subject to tax in the United Kingdom. Accordingly, it is intended that the central management and control of the Company will be exercised from Guernsey and the Company will not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). Accordingly, the Company will not be resident in the United Kingdom for taxation purposes and the Company should not be liable to United Kingdom corporation tax on either its income or gains.

#### **7.2.2 United Kingdom Shareholders**

The taxation of Shareholders depends on their specific individual circumstances and the following comments are intended as a general guide only.

If a company meets the definition of an offshore fund then in order for shareholders to be taxed under the capital gains regime (rather than an on income basis) on exit it must apply to be a reporting fund. The definition of an offshore fund has been substantially changed and extended by Schedule 22 of Finance Act 2009 so that the test of whether an arrangement falls to be an offshore fund is now governed by a series of characteristic based tests defined in taxes' legislation. This compares with the approach prior to 1 December 2009 which relied on a regulatory definition principally provided by Sections 235 and 236 of FSMA. In general an arrangement will be regarded as an offshore fund if it is a non UK resident mutual fund. A mutual fund is one which meets all of the following characteristics:

- (a) it exists to enable participants to take part in the benefits arising from the acquisition, holding, managing or disposing of assets of any description;

- (b) the participants do not have day-to-day control of the management of the property (whether or not they have the right to be consulted or give directions); and
- (c) a reasonable investor would expect to be able to realise his investment based entirely or almost entirely by reference to the net asset value of the assets under management (or alternatively by reference to an index of any description).

We consider that the Company should fall outside of the offshore fund rules as there are no arrangements under which investors would expect to realise their investment on a basis calculated by reference to the net asset value of the assets of the Company or an index.

### **7.2.3 Capital Gains Tax**

Shareholders who are resident or ordinarily resident in the United Kingdom may, depending upon their circumstances, be subject to United Kingdom tax on their capital gains. Shareholders that are corporate entities will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset.

Individual Shareholders who are resident or ordinarily resident in the United Kingdom but not domiciled in the United Kingdom may elect to only be liable to United Kingdom capital gains tax to the extent that any gains on the ordinary shares are remitted (or are deemed to be remitted) to the United Kingdom. Where such an individual has been in the UK for more than seven years an annual charge will apply for electing to be taxed on this basis.

### **7.2.4 Dividends**

UK resident individual Shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit (the “Gross Dividend”), the amount of the tax credit being 10 per cent of the sum of the dividend and the tax credit (i.e. the tax credit will be one ninth of the Gross Dividend excluding the tax credit). The tax credit will effectively satisfy a UK resident individual shareholder’s dividend basic rate income tax liability in respect of the Gross Dividend. UK resident individual Shareholders who are subject to tax at the higher rate will have to account for additional tax. The rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent of the Gross Dividend. After taking account of the 10 per cent notional tax credit, such a taxpayer would have to account for additional tax of 25 per cent of the Gross Dividend. An additional rate taxpayer (one whose taxable income exceeds £150,000) will be taxed at a rate of 42.5 per cent of the Gross Dividend. After taking account of the 10 per cent notional tax credit, and provided that the individual owns less than 10 per cent of the shares in the Company, the effective rate of tax will be 36.11 per cent. In determining the tax rates applying to a UK resident individual Shareholder, dividend income is treated as the top and next-to-top slices of income.

A UK resident (for tax purposes) corporate Shareholder will be liable to UK corporation tax on dividends paid by the Company. However, a corporate Shareholder may be exempted from a charge to corporation tax if certain conditions are met. The conditions to be met will depend upon the corporate shareholder.

UK pension funds will be exempted from a charge to tax but will not be able to reclaim the notional tax credit associated with the dividend paid by the Company.

### **7.2.5 Stamp duty**

No stamp duty or SDRT will be due either on the issue or transfer of any Shares on the basis that the register of the Company is not kept in the UK.

### **7.2.6 Other United Kingdom Tax Considerations**

The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes (and, if individuals, who are also domiciled in the United Kingdom for taxation purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 (“section 13”).

Section 13 could be material to any such person who has an interest in the Company as a “participator” for United Kingdom taxation purposes (which includes an investor) at a time when any gain accrues to the Company (or its subsidiary) which constitutes a chargeable gain for those purposes if, at the time the Company is controlled by five or fewer persons so that, if the Company were resident in the United Kingdom for taxation purposes, it would be a “close company” for those purposes.

In determining whether the Company is controlled by five or fewer persons, the interests of “connected” persons are aggregated and counted as those of one person. Generally, if the Company is a “close company”, its capital gains are apportioned among the participators in the Company and taxed in their hands if they are United Kingdom taxpayers. These rules do not apply to non-United Kingdom resident persons. There is an exception for any person that does not have a greater than 10 per cent interest in the Company. The provisions of section 13 could, if applied, result in any such person who is a “participator” in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Company as a “participator”.

Individual shareholders ordinarily resident in the UK should note the provisions of Section 720 ITA 2007 which may make them liable to tax in relation to any undistributed income and profits of the Company. These provisions operate so as to prevent the avoidance of UK income tax by transactions resulting in the transfer of income to persons resident abroad.

A UK resident corporate shareholder who together with connected or associated persons has an interest in the Company such that at least 25 per cent of the Company’s chargeable profits may be apportioned to the UK resident corporate shareholder (or to persons associated or connected with him) may be liable to UK corporation tax in respect of the Company’s undistributed profits under the provisions of the controlled foreign companies legislation contained in Chapter IV of Part XVII of the ICTA.

## **7.3 Guernsey**

### **7.3.1 The Company**

The Company currently has tax exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The Company will need to reapply annually for exempt status for Guernsey tax purposes, incurring a fee which is currently £600 per annum.

The Company is therefore not considered resident in Guernsey for Guernsey income tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In the absence of an exemption, the Company would be treated as resident in Guernsey for Guernsey income tax purposes and subject to the zero rate regime.

The European Union Code of Conduct Group has recently announced its re-commencement of a review into the corporate tax regime in Guernsey. It is not, at this stage, possible to predict what the outcome of the review may be and what changes may be imposed.

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax) gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

Guernsey has introduced measures that are the same as the EU Savings Tax Directive (2003/48/EC). However, paying agents located in Guernsey are not required to operate the measures on distributions made to shareholders by closed ended investment companies established in Guernsey.

### **7.3.2 Guernsey Resident Shareholders**

Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any Shares owned by them. Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid on Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status. The Company is required to provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey.

## **8. MEMORANDUM AND ARTICLES OF INCORPORATION**

**8.1** The memorandum of incorporation of the Company provides that the objects of the Company include carrying on business as an investment company. The objects of the Company are set out in full in clause 3 of the memorandum of incorporation, a copy of which is available for inspection at the addresses specified in paragraph 19 below.

**8.2** The Articles contain provisions, inter alia, to the following effect:

### **8.2.1 Shares Generally**

The share capital of the Company is represented by an unlimited number of Shares of no par value having the rights hereinafter described.

The holders of Shares shall have the following rights:

(i) Dividends

Holders of Shares are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed in respect of any accounting period or other period.

(ii) Winding up

On a winding up, the holders of Shares shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

(iii) Voting

The holders of Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company and each holder of Shares being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Share held by him.

Any preference shares may with the sanction either of the Board or an ordinary resolution be issued on terms that they are, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner as the Company before the issue may by ordinary resolution determine and subject to and in default of such determination as the Board may determine.

The Company and any of its subsidiary companies may give financial assistance directly or indirectly for the purpose of or in connection with the acquisition of shares in the Company or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company.

Subject to the provisions of the Companies Law, the rules of the FSA and the LSE, the Company may from time to time purchase its own shares (including any redeemable shares).

## **8.2.2 Variation of rights**

If at any time the shares of the Company are divided into different classes, all or any of the rights for the time being attached to any share or class of shares may be varied or abrogated with the consent in writing of the holders of not less than two-thirds in number of the issued shares of that class or with the consent of an ordinary resolution passed at a separate general meeting of the holders of such shares but so the quorum shall be two members present in person or by proxy holding or representing not less than one-third of the issued shares of that class.

## **8.2.3 Issues of shares**

Subject to the Articles, shares for the time being unallotted and unissued shall be at the disposal of the Directors, who may allot, grant options over, issue warrants or otherwise dispose of the same to such persons, at such times, on such terms and in such manner as they may think fit.

Subject to the Companies Law, the Company may pay any brokerage or commission of such amount as may from time to time be determined by the Directors on any issue of Shares.



No person shall be recognised by the Company as holding any Share upon any trust and the Company shall not be bound by or recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share (except as provided by the Articles or the Laws), any other right in respect of any Share, except an absolute right thereto in the registered holder.

#### **8.2.4 Compulsory acquisition of shares**

The Articles do not contain any rights to compulsorily acquire shares.

#### **8.2.5 Buyback**

The Company may from time to time, subject to the provisions of the Laws, the rules of the FSA and the LSE, purchase its own shares (including any redeemable shares) in any manner authorised by the Companies Law. The Company and any of its subsidiary companies may give financial assistance, directly or indirectly for the purpose of or in connection with the acquisition of its shares or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company.

#### **8.2.6 Duration**

The Company has been incorporated with an unlimited life.

#### **8.2.7 Winding-up**

If the Company is wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any asset in respect of which there is liability.

#### **8.2.8 Notice requiring disclosure of interest in Shares. The Directors shall have power by notice in writing to require any member to disclose to the Company the identity of any person (other than the member) who has any interest in the Shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.**

The Company maintains a register of interested parties and whenever in pursuance of a requirement imposed on a member or other person as aforesaid the Company is informed of an interested party the identity of the interested party and the nature of the interest shall be promptly inscribed therein together with the date of the request.

If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which the Directors have resolved will be 28 days after service of the notice or 14 days if the Shares concerned represent 0.25 per cent or more of the issued Shares of the Company), the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that in respect of the Shares in respect of which the default has occurred (the "Default Shares") (i) the member shall not be entitled to vote

in general meetings; (ii) where the Default Shares represent at least 0.25 per cent of the issued Shares, the direction notice may additionally direct that dividends or the proceeds of any repurchase or repayment of such Shares will be retained by the Company (without interest); and (iii) that no transfer of the Shares (other than a transfer of Shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued Shares of the Company not already owned by the offeror or persons connected with it or the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the Shares to a party unconnected with the member and with other persons appearing to the Directors to be interested in such Shares (“Permitted Transfers”)) shall be registered unless the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying the information is interested in any of the Shares the subject of the transfer.

If Shares are issued to a member as a result of that member holding other Shares in the Company and if the Shares in respect of which the new Shares are issued are Default Shares in respect of which the member is for the time being subject to particular restrictions, the new Shares shall on issue become subject to the same restrictions whilst held by that member as such Default Shares.

Any direction notice shall have effect in accordance with its terms for as long as the default in respect of which the direction notice was issued continues, but shall cease to have effect in relation to any Shares which are transferred by such member by means of a Permitted Transfer. As soon as practicable after the direction notice has ceased to have effect (and in any event within seven days thereafter) the Directors shall procure that the restrictions shall be removed and that dividends and other moneys withheld are paid to the member.

Any member who has given notice to the Company of an interested party and who subsequently ceases to have any party interested in his Shares or has any other party interested in his Shares shall, after becoming aware of that, notify the Company in writing of the cessation or change in such interest and the Directors shall promptly amend the register of interested parties accordingly.

### **8.2.9 Dividends**

The Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.

Dividends are paid in accordance with the Companies Law.

The Directors may if they think fit from time to time pay the members such interim dividends as appear to be justified by the profits of the Company.

No dividend or other amount payable to any Shareholder shall bear interest against the Company. All unclaimed dividends and other amounts payable as aforesaid may be invested or otherwise made use of for the benefit of the Company until claimed. Any dividend unclaimed on the earlier of (a) seven years from the date when it first became payable and (b) the date on which the Company is wound up, shall be forfeited and shall revert to the Company, without the necessity for any declaration or other action by the Company.

The Board may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Board, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such

application may either be employed in the business of the Company or be invested. The Board may divide the reserve into such special funds as it thinks fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Board may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Companies Law.

The Board shall establish a capital reserve (the “Capital Reserve”) and either carry to the credit of the Capital Reserve or apply in providing for depreciation or contingencies all capital appreciation arising on the sale, realisation, transposition, repayment or revaluation of any investments or other capital assets of the Company in excess of the book value thereof. Any loss realised on the sale, realisation, transposition, repayment or revaluation of any investments or other capital assets and any other sum incurred in connection with the assets of the Company, which in the opinion of the Board is reasonably and fairly apportioned to capital, may be carried to the debit of the Capital Reserve except in so far as the Board may in their discretion decide to make good the same out of other reserves of the Company. All sums carried and standing to the credit of the Capital Reserve may be applied for any of the purposes to which sums standing to any reserve are applicable except and provided that no part of the Capital Reserve or any other moneys in the nature of accretion to capital shall be transferred to revenue account or be applied in paying dividends on any shares in the Company’s capital. The Board may, subject to applicable legislation and practice, determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other.

#### **8.2.10 Commission**

The Company may pay commission in money or shares to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in the Company or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in the Company provided that the rate or amount of commission shall be fixed by the Board and disclosed in accordance with the Laws. The Company may also pay brokerages.

#### **8.2.11 Transfer of Shares**

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of the CREST system. If the Directors implement any such arrangements no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of the CREST system; or
- (c) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST system such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such securities held by the same holder or joint holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the CREST Guernsey Requirements. Title to such shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system. Every transfer of shares from a CREST account of a CREST member to a CREST

account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary, however and whenever arising and however expressed.

Subject as provided in the Articles, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis. The Directors may also refuse to register any transfer of shares which is prohibited by the provisions described above or any transfer of shares unless such transfer is in respect of one class of share only, is in favour of no more than four transferees and is lodged at the registered office or such other place as the Directors may appoint and the transfer is not in favour of any Non-Qualified Holder (as defined in the Articles).

Subject to the Guernsey CREST Requirements, the registration of transfers may be suspended at such time and for such periods as the Directors may determine, provided that such suspension shall not be for more than 30 days in any year.

If it shall come to the notice of the Directors that any shares are owned directly or beneficially by a Non-Qualified Holder, the Directors may require such person (i) to provide the Directors within 30 days with sufficient satisfactory documentary evidence to satisfy the Directors that such person does not fall within the definition of a Non-Qualified Holder and in default of such evidence (ii) to sell or transfer his Shares to a person qualified to own the same within 30 days and within such 30 days to provide the Directors with satisfactory evidence of such sale or transfer.

#### **8.2.12 Alteration of capital**

The Company at any time may, by ordinary resolution, resolve to raise share capital of such amount to be divided into shares of such nominal value as the resolution shall prescribe and from time to time by ordinary resolution to increase such share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

The Company may by special resolution reduce its share premium account in any manner permitted by and with and subject to any consent required by the Companies Law.

#### **8.2.13 Notices**

A notice may be given by the Company to any Shareholder either personally or by sending it by prepaid post addressed to such Shareholder at his registered address or if he desires that notices shall be sent to some other address or person to the address or person nominated for such purpose. Notices to be posted to addresses outside the Channel Islands and the United Kingdom shall so far as practicable be forwarded by prepaid airmail.

Any notice or other document, if served by post, shall be deemed to have been served twenty four hours after the time when the letter containing the same is posted (or such other mandatory period as may from time to time be specified by the Laws) and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and

duly posted. A notice given by advertisement shall be published in at least one UK national newspaper and one daily newspaper circulated widely in each of Guernsey and Jersey and shall be deemed to have been served before noon the day on which the advertisement appears.

A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder shall notwithstanding the death, disability or insolvency of such Shareholder and whether the Company has notice thereof be deemed to have been duly served in respect of any share registered in the name of such Shareholder as sole or joint holder and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.

Any document or notice which, in accordance with the Articles, may be sent by the Company by electronic communication shall, if so sent, be deemed to be received at the expiration of 24 hours after the time it was sent. Proof (in accordance with the formal recommendations of best practice contained in the guidance issued by the Institute of Chartered Secretaries and Administrators) that an electronic communication was sent by the Company shall be conclusive evidence of such sending.

The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding.

A person entitled to a share in consequence of the death or bankruptcy of a Shareholder or otherwise by operation of law, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also a postal address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the said Shareholder would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent to any Shareholder in pursuance of the Articles shall, notwithstanding that such Shareholder be then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such Shareholder as sole or firstnamed joint holder.

Where under the Articles a document requires to be signed by a Shareholder or other person then, if in the form of an electronic communication, it must to be valid incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that Shareholder or other person, in such form as the Directors may approve, or be accompanied by such other evidence as the Directors may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.

Any Shareholder may notify the Company of an address for the purpose of his receiving electronic communications from the Company, and having done so shall be deemed to have agreed to receive notices and other documents from the Company by electronic communication of the kind to which the address relates. In addition, if a Shareholder notifies the Company of his

e-mail address, the Company may satisfy its obligation to send him any notice or other document by:

- (a) publishing such notice or document on a web site; and
- (b) notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the web site on which it has been published, the place on the web site where it may be accessed, how it may be accessed and (if it is a notice relating to a shareholders' meeting) stating
  - (i) that the notice concerns a notice of a company meeting served in accordance with the Act;
  - (ii) the place, date and time of the meeting;
  - (iii) whether the meeting is to be an annual or extraordinary general meeting; and
  - (iv) such other information as the statutes may prescribe.

An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

Notice for any general meeting shall be sent by the secretary or officer of the Company or any other person appointed by the Board not less than ten days before the meeting. The notice must specify the time and place of the general meeting and, in the case of any special business, the general nature of the business to be transacted. With the consent in writing of all the members of the Company, a general meeting may be convened by a shorter notice or at no notice in any manner they think fit. The accidental omission to give notice of any meeting or the non-receipt of such notice by any member of the Company shall not invalidate any resolution, or any proposed resolution, otherwise duly approved, passed or proceeding at any meeting.

#### **8.2.14 Interests of Directors**

A Director may not vote (or be counted in the quorum) in respect of any contract, arrangement, transaction or any other proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning the offer of shares, debentures or other securities of or by the Company or its subsidiary undertakings for subscription or purchase

in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;

- (d) any proposal concerning any other company in which he is interested, whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing one per cent or more of: (a) a class of the equity share capital (or of any third company through which his interest is derived) or (b) of the voting rights in the relevant company; and
- (e) any proposal for the purchase or maintenance of insurance for the benefit of the Directors or persons including the Directors.

Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by or associated in business with the Company, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

#### **8.2.15 Remuneration of Directors**

The Directors are entitled to such remuneration as the Directors determine from time to time provided that the aggregate amount of such fees for all the Directors collectively may not exceed £200,000 per annum (or such other sum as may be approved by the Company in general meeting). Such remuneration is deemed to accrue from day to day. The Directors are also paid all reasonable travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or any committee of the Directors or general meetings or class meetings of the Company or debentures of the Company.

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

Any Director may by notice in writing under his hand served upon the Company appoint any person approved by the Board as an alternate Director to attend and vote in his place at any meeting of the Directors at which he is not personally present or to undertake and perform such duties and functions and to exercise such rights as he could personally and such appointment may be made generally or specifically or for any period or for any particular meeting and with and subject to any particular restrictions. Every such appointment shall be effective and the following provisions shall apply:-

Every alternate Director while he holds office as such is entitled:-

- (a) if his appointor so directs the Company's secretary, to notice of meetings of the Directors; and
- (b) to attend and to exercise (subject to any restrictions) all the rights and privileges of his appointor at all such meetings at which his appointor is not personally present and generally at such meetings to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meetings the provisions of the Articles shall apply as if he (instead of his appointor) were a Director.

Every alternate Director shall ipso facto vacate office if and when his appointment expires by effluxion of time or his appointor vacates office as a Director or removes the alternate Director from office as such by notice in writing under his hand served upon the Company. No alternate Director shall be entitled as such to receive any remuneration from the Company but every alternate Director shall be entitled to be paid all reasonable expenses incurred in the exercise of his duties.

A Director may act as alternate Director for another Director and shall be entitled to vote for such other Director as well as on his own account but no Director shall at any meeting be entitled to act as alternate Director for more than one other Director. He shall not be counted more than once for the purposes of the quorum.

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be indemnified to the same extent mutatis mutandis as if he were a Director.

#### **8.2.16 Nomination, appointment and removal of Directors**

The Directors have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

The office of a Director shall be vacated in any of the following events, namely:

- (a) if he resigns his office by notice in writing signed by him and left at the registered office;
- (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;
- (d) if he becomes resident in the United Kingdom and as a result thereof a majority of the Directors are resident in the United Kingdom;
- (e) if he be requested to resign by written notice signed by a majority of the other Directors (not being less than two in number); or
- (f) if he is removed from office by an ordinary resolution of the Company in a general meeting.

No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven clear days before the date appointed for the meeting there shall have been left at the registered office notice in writing signed by a member of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected.

The Company at the meeting at which a Director retires in the manner aforesaid may fill the vacated office by appointing a person thereto by ordinary resolution and in default the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at such meeting it is expressly resolved not to fill the vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and lost. The Company at such meeting may also (subject to the Articles) fill up any other vacancies.



At a general meeting a motion for the appointment of two or more persons as Directors by a single resolution shall not be made unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.

#### **8.2.17 Retirement of Directors**

A third of the Directors are subject to re-election every year.

A Director is not required to hold shares in the Company. A Director who is not a member is nevertheless entitled to attend and speak at general meetings.

No Director shall be required to vacate his office at any time by reason of the fact that he has attained any specific age.

#### **8.2.18 Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property and assets or any part thereof, and to issue debentures, loan stock and other securities, whether outright or as collateral security for any debt liability or obligation of the Company or of any third party, provided that the aggregate principal amount of all borrowings by the Company shall not at the point of drawdown of any borrowings exceed 95 per cent of the Gross Assets (as defined in the Articles).

Any person lending money to the Company shall be entitled to assume that the Company is acting in accordance with the Articles and shall not be concerned to enquire whether such provisions have in fact been complied with.

#### **8.2.19 Indemnity and Insurance**

The Directors, managers, agents, the Company's secretary and other officers or servants for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company and their respective heirs and executors shall be fully indemnified out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own wilful act neglect or default respectively and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except the same shall happen by or through their own wilful act neglect or default.

Without prejudice to any other provisions of the Articles, the Directors may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any other body (whether or not incorporated) which is or was a subsidiary of the Company (together

“Group Companies”) or otherwise associated with the Company or any Group Company or in which the Company or any such Group Company has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and discretion and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body.

#### **8.2.20 Register of Shareholders and other statutory records**

The register of Shareholders is the hard copy register of Shareholders kept at the Company’s registered office pursuant to the Companies Law. The other statutory records of the Company are kept at the same address.

### **9. MATERIAL CONTRACTS**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company within the two years immediately preceding the publication of this Prospectus and which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

#### **9.1.1 Management Agreement**

The Company and the Investment Manager have entered into a management agreement dated 18 December 2006 pursuant to which the Company appointed the Investment Manager to provide investment and development advisory services to the Company (and potentially other members of its corporate group), and property advisory and property management services to other members of the Group in each case in accordance with the investment objective and investment policy and restrictions of the Group from time to time.

In consideration for the services provided pursuant to the Management Agreement, the Investment Manager is paid a management fee in cash quarterly in arrears equal to, in aggregate, 2 per cent per annum of the Group’s net asset value (as defined therein), as adjusted to reflect the Group’s share of the net asset value of properties held indirectly or through joint ventures, minority interests or other structures that are not reflected in the consolidated net assets.

In addition, the Investment Manager is entitled to an annual performance fee calculated by reference to the relevant Total Shareholder Return. The Total Shareholder Return is a percentage, calculated by reference to (i) the Company’s share price at the end of the relevant accounting period, plus all dividends paid and returns of capital received during that accounting period less (ii) the High Watermark Amount, divided by the High Watermark Amount.

For these purposes, the share price at the end of any accounting period is the average closing share price over the last 20 dealing days of that accounting period. The High Watermark Amount is the highest of the adjusted share prices at the end of each of the three immediately preceding accounting periods (or, if relevant, such lesser number of accounting periods as have completed). Each share price at the end of such three immediately preceding accounting periods is adjusted by

deducting all dividends paid and returns of capital received between the end of the accounting period for that share price and the start of the relevant accounting period.

The performance fee becomes payable once the annualised Total Shareholder Return achieved for the relevant accounting period exceeds 15 per cent. Once the 15 per cent threshold is exceeded, the Investment Manager is entitled to receive a fee equal to 20 per cent of such excess. The performance fee is to be settled as to 100 per cent in cash.

The Management Agreement is for an initial eight year term and thereafter for a further eight year term if the Board, acting in its sole discretion, so determines prior to 21 December 2013. In the event that the Board does not so renew the agreement for a further eight year period, the Management Agreement may be terminated by either party giving to the other not less than 12 months written notice, to expire no earlier than 21 December 2014. The Management Agreement may be terminated in certain circumstances, including a material breach by the Investment Manager of its obligations contained in the Management Agreement (which, where appropriate, has not been remedied) or an insolvency event in relation to the Investment Manager. In the event that the Company wrongfully terminates the Management Agreement, the Investment Manager will be entitled to liquidated damages in cash of an amount equal to the net present value of the amount it would have received by way of management fees over the unexpired term of the Management Agreement, less certain expenses.

Cash management services and other day-to-day management services are to be provided by third party service providers (arranged and co-ordinated by the Investment Manager), at the cost of the Company or the relevant property-owning member of the Group. In addition, the Company is responsible for third party expenses incurred by the Investment Manager in carrying out its services under the Management Agreement.

The Investment Manager has agreed that until the earlier of (a) the date on which the Company has real property investments of not less than £125 million; and (b) the determination of the Management Agreement in accordance with its terms, the Investment Manager will not acquire (whether on its own behalf or as investment manager or adviser to any fund or other entity) a property situated in India meeting the Company's investment objective (or any interest therein, whether direct or indirect) where such property or relevant interest (as the case may be) has a value of £5 million or more, or a property so situated and meeting such objective (or any interest therein, whether direct or indirect) where such property is to be developed whilst within the relevant ownership and the property or relevant interest (as the case may be) has an anticipated value after such development of £5 million or more, unless it has first offered the Board the opportunity to acquire such property or relevant interest. In the event that the Board resolves not to pursue such opportunity, the Investment Manager is free to do so, on materially the same terms. Furthermore, where the Investment Manager has entered into, or at any time in the future enters into any joint venture arrangement with a third party, it shall use all reasonable endeavours (acting in good faith) to ensure that, where applicable, such joint venture complies with these first offer provisions to the extent that the Investment Manager's economic interest in the relevant property would exceed these amounts.

### **9.1.2 Administration Agreement**

The Administration Agreement dated 21 July 2010 between the Company and the Administrator, whereby the Administrator is appointed to act as administrator, registrar and secretary and perform certain safe-keeping and management responsibilities in respect of the Company's non-property investments.

For these services the Administrator receives an annual fee based on time incurred on the Company's behalf payable by the Company (calculated by the hourly rate payable according to seniority of the staff carrying out the work) plus any disbursements and reasonable out of pocket expenses incurred by the Administrator on behalf of the Company. This fee is subject to a cap of £5,833.33 per month. Fees are paid monthly in arrears. The Administration Agreement is terminable by either party on not less than 90 days notice, save in certain limited circumstances, in which case the Administration Agreement may be terminated forthwith.

### **9.1.3 Conflicts Side Letter**

The Conflicts Side Letter dated 11 September 2009 between the Company and the Investment Manager, the terms of which are summarised at paragraph 9 of Part III.

### **9.1.4 CREST Services Agreement**

The CREST Services Agreement dated 28 September 2011 between Computershare and the Company pursuant to which Computershare provides CREST services to the Company. The duties include, inter alia, the maintenance of a register and the maintenance of dividend instruction records. Computershare is entitled to receive a variable fee in respect of these services of a minimum of £4,500 per annum (or £6,000 per annum if the Company has over 500 Shareholders) with the option of additional fees depending on the number of Shareholders and actions within CREST required. These fees are payable by the Company. The Company is a party to the agreement to receive the benefit of certain rights under the agreement. Computershare shall continue for a fixed term of 3 years and thereafter the agreement is valid until terminated by either party on not less than six months' notice.

### **9.1.5 Material contracts entered into in relation to the H2O Investment**

The H2O Property and the Concession are held directly by Alpha Tiger Spain No. 1 Limited and Alpha Tiger Spain No. 2 Limited respectively. The Company entered into certain contracts for the purposes of enabling the Company and Alpha Global, a wholly-owned subsidiary of the Investment Manager, to acquire an indirect interest in the H2O Property and the Concession, as follows:

- (a) a shareholders agreement dated 31 March 2010 entered into between the Company, Alpha Global and Lux Co 111 S.à r.l. in relation to Lux Co 111 S.à r.l. (the "Luxco Shareholders Agreement"). Pursuant to the Luxco Shareholders Agreement, Luxco's issued share capital is owned 49 per cent by Alpha Global and 51 per cent by the Company. In the event that the management agreement ceases, for any reason, to apply in relation to either the H2O Property or the Concession, Alpha Global's shares in Luxco are required to be cancelled in accordance with the terms of the Luxco Shareholders Agreement;
- (b) a shareholders agreement dated 31 March 2010 entered into between Alpha Global, Luxco and KMS Holding B.V in relation to KMS Holding B.V (the "KMS Shareholders Agreement"). Pursuant to the KMS Shareholders Agreement, the issued share capital of KMS is owned 49 per cent by Alpha Global and 51 per cent by Luxco. In the event that the management agreement ceases, for any reason, to apply in relation to either the H2O Property or the Concession, Alpha Global's shares in KMS are required to be cancelled in accordance with the terms of the KMS Shareholders Agreement;
- (c) a call option agreement dated 22 July 2011 entered into between the Company, Alpha Global and Luxco in relation to shares in the capital of Luxco (the "Luxco Call Option Agreement").

Pursuant to the Luxco Call Option Agreement, the Company was entitled to call on Luxco between 22 July 2011 and 31 March 2012 to cancel those of its shares which were held by Alpha Global (the “Luxco Call Option”). The cancellation of the shares was by way of a capital reduction in return for the payment of an amount determined in accordance with the terms of the Luxco Call Option Agreement;

- (d) a call option agreement dated 22 July 2011 entered into between Alpha Global, Luxco and KMS in relation to shares in the capital of KMS (the “KMS Call Option Agreement”). Pursuant to the KMS Call Option Agreement, Luxco was entitled to call on KMS between 22 July 2011 and 31 March 2012 to cancel those of its shares which were held by Alpha Global (the “KMS Call Option”). The cancellation of the shares was by way of a capital reduction in return for the payment of an amount to be determined in accordance with the terms of the KMS Call Option Agreement;
- (e) a deed of accession dated 31 March 2010 between Alpha Tiger Spain No. 1 Limited, the Investment Manager and the Company entered into for the provision of property management services in relation to the H2O Property and the Concession (the “Deed of Accession”), in each case pursuant to the management agreement. Pursuant to the Deed of Accession, it was agreed that Alpha Tiger Spain No. 1 Limited would become a party to the management agreement and adhere to its terms; and
- (f) the following inter-company loan agreements dated 30 March 2010 entered into for the purposes of financing the direct and indirect investments of each of the Company and Alpha Global in the context of the H2O Investment:
  - (i) a loan agreement (“Mezzanine Loan Agreement”) entered into between the Company and Luxco, pursuant to which the Company agreed to lend to Luxco the principal aggregate amount of €14,000,000 (which agreement was subsequently novated to Lux Co 114 S.à r.l. ); and
  - (ii) a loan agreement (“VAT Loan Agreement”) entered into between the Company and Luxco, pursuant to which the Company agreed to lend to Luxco the principal aggregate amount of €12,800,000 (which agreement was subsequently novated to Lux Co 114 S.à r.l.).

#### **9.1.6 Material contracts entered into in relation to Close High Income Properties plc (now AUMP)**

##### **(a) Option Agreement**

On 10 August 2010, the Company and CHIP entered into an option agreement pursuant to which CHIP granted the Company an option to subscribe for ordinary shares in CHIP. This option gives the Company the right to subscribe for up to 4,000,000 ordinary shares in CHIP at any time up to 30 June 2013 at a price of 50 pence per share (subject to downward adjustment in certain circumstances).

**(b) Standstill Agreement**

On 13 July 2010, Close Brothers Group plc and its subsidiaries, Property Investment Portfolio plc, the Investment Manager and the Company entered into a standstill agreement. Under the terms of the standstill agreement, each of the parties has undertaken to the other parties that it will not:

- (i) acquire or offer or agree to acquire, or cause another person to acquire or offer or agree to acquire, any interests (as defined in the City Code) in relevant securities (as defined in the City Code) of CHIP; or
- (ii) take any step which may give rise to (or fail to take any step in circumstances where such failure may give rise to) any obligation under the City Code or otherwise to make any sort of offer or tender for or invitation to acquire all or any part of the equity share capital of CHIP or other relevant securities of CHIP, without first obtaining the written consent of each of the other parties.

**9.1.7 Material contracts entered into in relation to Cambourne Business Park**

**(a) Joint Venture Agreement**

On 16 September 2011 the Company entered into a joint venture agreement with Metropolitan Estates LP, Scholar Property Holdings Limited and Scholar Property Investments Limited by which Metropolitan Estates LP and the Company agreed to participate as shareholders in a new joint venture company to acquire Phase 1000, Cambourne Business Park, Cambridgeshire through Scholar Property Investments Limited, a subsidiary of Scholar Property Holdings Limited. The joint venture agreement established the terms governing the relationship of the parties.

**(b) Asset Purchase Agreement**

On 16 September 2011, the Investment Manager entered into the asset management agreement with Scholar Property Investments Limited, through which Scholar Property Investments Limited appointed the Investment Manager as the asset manager to carry out set services for the Cambourne Property in return for the payment of fees. The Investment Manager is entitled to: a quarterly management fee of £26,875; a property management fee of 2 per cent per annum of net rental income (which consists of the rents received pursuant to the leases less the operating expenses) collected in each financial quarter; and a performance fee on the sale of Phase 1000, Cambourne Business Park, Cambridgeshire.

**9.1.8 Material contracts entered into in relation to the Galaxia Investment**

**(a) Restated Share Subscription and Purchase Agreement**

On 2 July 2009 the Company entered into the restated shares subscription and purchase agreement by and amongst Alpha Tiger Cyprus Investments No. 3 Limited ("Alpha Tiger 3"), Alpha Tiger Cyprus Investments No. 2 Limited ("Alpha Tiger 2"), Shakti Nath ("Promoter 1"), Meena Nath ("Promoter 2"), Vikram Nath ("Promoter 3"), Logix Soft-Tel Private Limited ("Promoter 4, with Promoter 1, Promoter 2, Promoter 3 and Promoter 4 together being referred to as the "Promoters") and IT Infrastructure Park Private Limited ("IT Park"), amending the terms of the original share purchase and subscription agreement between Alpha Tiger 3, the Promoters and IT Park, dated 21 March 2008. This amended share and subscription agreement was to

document the Promoters, Alpha Tiger 2 and Alpha Tiger 3's investment in IT Park and the second stage development in the Galaxia Investment.

**(b) Restated Shareholders Agreement**

On 2 July 2009 Alpha Tiger 3, Alpha Tiger 2, The Promoters and IT Park entered into a restated shareholders agreement, amending the terms of the original shareholders agreement between Alpha Tiger 3, the Promoters and IT Park dated 21 March 2008. Alpha Tiger 2 and Alpha Tiger 3 will hold 50 per cent in IT Park with the Promoters holding the remaining 50 per cent shareholding

**9.1.9 Loan Agreement: Aberdeen UK Active Property Fund plc (now AURE)**

A loan agreement between Aberdeen UK Active Property Fund plc ("Aberdeen"), as the borrower and the Company, as the lender, dated 21 November 2011 documented the loan of £7,500,000 (the "Aberdeen Loan"). Such loan is convertible into participating shares in Aberdeen at the discretion of the Company. The term of the Aberdeen Loan is for a period of 3 years. However, £2,500,000 is available to fund requested redemptions of participating shares in Aberdeen, and the balance, if any, and £5,000,000 will be applied towards the payment of Aberdeen's existing debt and expenses. Interest on the loan is at a rate of 6 per cent per annum, compounded interest.

**9.1.10 Buy Back: Panmure Gordon (UK) Limited**

On 27 September 2011, the Company informed Panmure Gordon (UK) Limited (the "Broker") of their intention to purchase ordinary shares of no par value in the capital of the Company during the period of 30 September 2011 to 25 November 2011 inclusive. The maximum price per Share shall be no more than the higher of 105 per cent of the average middle market closing prices of the Shares (as derived from the London Stock Exchange Daily Official List) for the 5 days when the London Stock Exchange is open for dealing preceding the date of such purchase and the higher of the last independent trade and the highest independent bid prior to such purchase. The maximum number of Shares shall not exceed 7,562,128. All Share purchased under such a scheme will be cancelled by the Company and/or held in treasury.

**10. LITIGATION**

On 8 February 2010 the Company announced that it had initiated arbitration proceedings brought by Alpha Tiger 2 and Alpha Tiger 3 against its development partner, Logix, in order to protect its interests in the Technova Investment and the Galaxia Investment. The proceedings were commenced following non-performance by Logix of its obligations under the contractual arrangements between the parties. These obligations included: failure to adhere to a number of conditions (including failure to raise development finance), failure to comply with a put option to acquire the Company's interest (enforceable after a failure to adhere to certain conditions) and misuse of project land, resulting in a wrongful gain to Logix and wrongful loss to the Company.

A settlement was announced by the Company on 28 May 2010, however following further breaches by Logix, the Company recommenced arbitration proceedings.

The Company announced on 15 July 2011 that following an attempt by Logix, by way of a civil suit, to dispute the validity of the recommencement of arbitration proceedings brought by Alpha Tiger 2 and Alpha Tiger 3, the Delhi High Court ruled in favour of the Company and dismissed

the Logix suit. In response to an injunction application filed by the Company, the Delhi High Court also passed an order restraining Logix from transferring or encumbering the Galaxia site, without leave of the arbitral tribunal. Further, the Court directed Logix to make payment of instalments of outstanding lease rentals (£0.7m as at 31 December 2011) relating to the Galaxia site until the completion of the arbitration. Logix has filed an appeal against the Delhi High Court order. No date for this hearing has yet been scheduled by the Court.

The claim made against Logix by the Company is for damages equalling the Company's initial investment of INR 450 million (£5.8 million) plus a sum representing the contractual priority return on the investment (approximately £1.3m), loss of profit (approximately £0.9m) and costs.

Aside from the arbitration proceedings referred to above, the Group is not, nor has at any time since its incorporation been, engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

The terms of reference (including a summary of the parties' respective claims and a list of issues to be determined) for the arbitration were deemed to be agreed on 15 February 2012 ("Terms of Reference"). Under the terms of the International Chamber of Commerce, the arbitral tribunal is currently in the process of establishing the facts of the case. When it is satisfied that the parties have had a reasonable opportunity to present their cases, the arbitral tribunal will declare the proceedings closed and proceed to draft an award. The award is to be rendered within six months from the approval of the Terms of Reference, at a date no later than 15 August 2012, a time-limit which the tribunal may extend.

## **11. GENERAL**

**11.1** The principal place of business and registered office of the Company is at PO Box 327, Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey GY1 3TX.

**11.2** The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 6.4 above no amount or benefit has been paid, or given, to the promoter or any of their subsidiaries since the incorporation of the Company and none is intended to be paid, or given.

**11.3** CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificates and transferred other than by written instrument. The Articles permit the holding of the Shares under the CREST system. Accordingly it is intended that settlement of transactions in the Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrar.

Other than its investments made in accordance with the Investment Policy, the Group does not own any premises and does not lease any premises.

## **12. THIRD PARTY SOURCES**

Information in Parts I and IV of this document has been sourced from the IMF, CBRE, Capital Economics, Cushman & Wakefield, Knight Frank, Economic Intelligence Unit, DTZ and global-rates.com.



In particular, for Part I the: Market Outlook Introduction (page 23) is sourced from IMF World Economic Outlook, September 2011 and CBRE European Investment Market Quarterly Market View, Quarter 3, 2011; Economic Outlook for Spain (page 23) is sourced from Capital Economics Chart Book, October 2011; Property Market Outlook for Spain (page 24) is sourced from Cushman & Wakefield – Marketbeat Spain Retail Snapshot, Quarter 4, 2010; Economic Outlook for UK (page 24) is sourced from Knight Frank UK Market Outlook, October 2011; Property Market Outlook for the UK (page 25) is sourced from CBRE Market View, Quarter 3, 2011 and Knight Frank UK Market Outlook, October 2011; Economic Outlook for India (page 25) is sourced from the Economic Intelligence Unit – Global Forecasting Service, October 2011; the Economic Outlook for India (page 25) is sourced from Economic Intelligence Unit – Global Forecasting Service, October 2011; and the Property Market Outlook for India (page 25) is sourced from DTZ Property Times India Offices, Quarter 2, 2011.

For Part IV, the: Europe UK Outlook (page 41) is sourced from Knight Frank UK Market Outlook, October 2011 and CBRE Market View, Quarter 3, 2011 UK Prime Yield Market Monitor; Europe – Spain (page 43) is sourced from Cushman & Wakefield – Marketbeat Spain Retail Snapshot, Quarter 4, 2010; Asia – India (page 44) is sourced from Eco Intelligence Unit – Global Forecasting Service, October 2011, global-rates.com and DTZ Property Times India Offices, Quarter 2, 2011.

The Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Investment Manager has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which such references appear. The Investment Manager accepts responsibility for information attributed to it in this document and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

GVA Grimley Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its report set out in Part VI and the references to such report and to itself in the form and context in which they respectively appear. GVA Grimley Limited has authorised the contents of its reports for the purposes of Prospectus Rule 5.5.3R(2)(f).

CBRE Valuation Advisory S.A has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its report set out in Part VI and the references to such report and to itself in the form and context in which they respectively appear. CBRE Valuation Advisory S.A has authorised the contents of its reports for the purposes of Prospectus Rule 5.5.3R(2)(f).

Colliers International (India) Property Services Pvt. Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its report set out in Part VI and the references to such report and to itself in the form and context in which they respectively appear. Colliers International (India) Property Services Pvt. Limited has authorised the contents of its reports for the purposes of Prospectus Rule 5.5.3R(2)(f).

### **13. MANDATORY OFFERS AND COMPULSORY ACQUISITION OF SHARES**

The Company is subject to the Takeover Code. Rule 9 of the Takeover Code provides that if any person, or group of persons acting in concert, acquires Shares carrying 30 per cent or more of the voting rights of the Company, that person shall be required to make an offer for all the remaining issued Shares in cash at the highest price paid by that person, or any persons acting in concert, during the 12 month period prior to the purchase of Shares which triggered the obligation.

If any person, or group of persons acting in concert, is interested in Shares which in aggregate carry not less than 30 per cent of the voting rights of the Company but not more than 50 per cent of such voting rights, a general offer will normally be required if any further interests in Shares are acquired by such person.

The Takeover Code provides that when any person, or group of persons acting in concert, is interested in Shares which in aggregate carry more than 50 per cent of the voting rights of the Company then a general offer will not normally be required if any further interests in Shares are acquired by such person

As at the date of this document the Investment Manager, IPGL Property Funds Limited, IPGL Limited, Phillip Rose, Brad Bauman, Ronald Armist and the directors of Arrco Limited (the “Concert Parties”) are interested in 50.85 per cent of the total issued voting share capital of the Company and are therefore interested in more than 50 per cent of the voting rights in the Company. Any further increase in the aggregate interest in Shares of the Concert Parties will not require the Concert Parties to make a general offer.

Other than as provided by the Companies Law, there are no rules or provisions relating to squeezeout and/or sell-out in relation to the Shares.

### **14. ADMISSION FEES INCURRED BY THE INVESTMENT MANAGER**

The Company has agreed, subject to Admission, to reimburse the Investment Manager for any professional fees incurred by the Investment Manager on behalf of the Company prior to Admission in connection with the Admission, the preparation of this document, and other costs associated with the establishment of the Group.

### **15. CONTINUING OBLIGATIONS ON SFM AND AIM**

As the Company is delisting from AIM and will be admitted on the SFM, below is a table listing some of the key similarities and differences between the two markets:

	<b>SFM</b>	<b>AIM</b>
<b>Continuing Obligations</b>		
Feeder funds must control the investment policy of the underlying master fund	No	No
Compliance with the LSE’s Admission and Disclosure Standards	Yes	No
Shareholder consent required for a material change in / departure from investment policy	No	Yes

	<b>SFM</b>	<b>AIM</b>
Prior shareholder approval and/or notice required for certain significant and / or related party transactions	No	Yes
Provision of annual report and accounts, including additional statements concerning the investment portfolio	Yes	Yes
Provision of an interim management statement	Yes	No
Provision of a half-yearly report	Yes	Yes
IFRS for financial reporting (or equivalent standard for non-EEA issuers)	Yes	Yes
Inside information: publication to the market as soon as possible	Yes	Yes
Drawing up and maintaining an insider list	Yes	No
Publication of an "Annual Information Update" containing or referring to all information which the company has made public over the previous 12 months	Yes	No

## **16. WORKING CAPITAL**

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this document.

## **17. MISCELLANEOUS**

No information or representation should be relied on in relation to the Admission, the Company or the Shares, other than as contained in this document. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised. Neither the delivery of this document nor acquisition made in reliance on it shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as of any time subsequent to the date of this document.

The Investment Manager was registered as a limited liability partnership under the Limited Liability Partnerships Act 2000 in England and Wales on 11 April 2005 with registered number OC312705. The Investment Manager's registered office is at 1B Portland Place, London W1B 1PN and the telephone number is 0845 600 1213.

The Group has not had any employees since its incorporation and does not own any premises which it occupies.

BDO Limited (formerly BDO Novus Limited) has been the only auditor of the Company since its incorporation. The annual report and accounts are prepared according to International Financial Reporting Standards. BDO Limited is a limited liability company under the laws of Guernsey

under number 29684 and its registered office is at BDO Limited, Place du Pré, Rue du Pré, St Peter Port, Guernsey GY1 3LL.

The Company expects a typical investor in the Company to be an institutional, professional or knowledgeable investor with a large portfolio of investments.

**18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS during usual business hours on any weekday from the date of this document (Saturdays and public holidays excepted) for a period of 14 days:

- 18.1** the memorandum of incorporation of the Company and the Articles;
- 18.2** the material contracts referred to at paragraph 9 of Part VII; and
- 18.3** all reports, the valuation report, historical financial information and other documents referred to in this document.

**19. AVAILABILITY OF THIS DOCUMENT**

Copies of this document will be available to the public from the date of publication of this document for a period of 14 days, at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS during usual business hours on any weekday (Saturdays and public holidays excepted), and at the Company's registered office in Guernsey.

9 March 2012

## PART VIII DEFINITIONS

References in this document to statutes or government agencies are, unless specifically stated otherwise, to statutes or government agencies in the UK. The following definitions apply throughout this document unless the context requires otherwise:

<b>“2011 Accounts”</b>	means the Company’s annual accounts for the year ended 31 March 2011
<b>“Aberdeen”</b>	has the meaning given to it in paragraph 9.1.9 of Part VII of this document
<b>“Aberdeen Loan”</b>	has the meaning given to it in paragraph 9.1.9 of Part VII of this document
<b>“Administration Agreement”</b>	the administration agreement dated 18 December 2006 between the Company and the Administrator
<b>“Administrator”</b>	Morgan Sharpe Administration Limited
<b>“Admission”</b>	the admission of shares onto the Specialist Fund Market
<b>“AIM”</b>	the AIM market of the LSE
<b>“Alpha Global”</b>	Alpha Global Properties Securities Fund Pte. Limited, a company incorporated in Singapore whose registered office is at 3 Phillip Street #18-00, Commerce Point, Singapore 048693
<b>“Alpha Real Capital Malta”</b>	Alpha Real Capital Malta Limited, a wholly-owned subsidiary undertaking of the Investment Manager incorporated in Malta
<b>“Alpha Tiger 2”</b>	Alpha Tiger Cyprus Investments No. 2 Limited
<b>“Alpha Tiger 3”</b>	Alpha Tiger Cyprus Investments No. 3 Limited
<b>“Articles”</b>	the articles of incorporation of the Company, a summary of which is set out in paragraph 8 of Part VII of this document
<b>“Auditors”</b>	BDO Limited
<b>“AUMP”</b>	Alpha UK Multi Property Trust plc, a UK property fund whose shares are admitted to the Official List and traded on the Main Market of the LSE
<b>“AUMP Investment”</b>	the investment made by the Company in AUMP, more fully described in paragraph 3 of Part II of this document
<b>“AUMP Option”</b>	means an option of the Company to purchase up to a further 4 million shares in AUMP at a price of 50 pence per share
<b>“AURE”</b>	Alpha UK Real Estate Fund plc, Irish resident open ended investment company listed on the Irish Stock Exchange
<b>“AURE Investment”</b>	the investment made by the Company in AURE, more fully described in paragraph 6 of Part II of this document
<b>“APTL”</b>	means Alpha Pyrenees Trust Limited
<b>“AGPIT”</b>	means Alpha German Property Income Trust Limited

<b>“ARPIA”</b>	means Alpha Real Property Investment Advisors LLP
<b>“BBVA”</b>	means Banco Bilbao Vizcaya Argentaria, S.A.
<b>“Board” or “Directors”</b>	the directors of the Company for the time being and (where the context requires) comprises those persons whose names appear on paragraph 1 of Part III of this document
<b>“business day”</b>	any day where banks in London and Guernsey are open for business (excluding Saturdays and Sundays)
<b>“Cambourne Investment”</b>	an investment made by the Company in the Cambourne Property, more fully described in paragraph 5 of Part II
<b>“Cambourne Property”</b>	the business park at Phase 1000 Cambourne Business Park, Cambridgeshire, UK
<b>“Capital Reserve”</b>	has the meaning given to it in paragraph 8.2.9 of Part VII
<b>“CHIP”</b>	means Close High Income Properties plc
<b>“City Code or the Code”</b>	the City Code on Takeovers and Mergers
<b>“Commission”</b>	means the Guernsey Financial Services Commission
<b>“Companies Law”</b>	Companies (Guernsey) Law, 2008, as amended
<b>“Company”</b>	Alpha Tiger Property Trust Limited
<b>“Computershare”</b>	Computershare Investor Services (Channel Islands) Limited
<b>“Concert Parties”</b>	has the meaning given to it in paragraph 13 of Part VII
<b>“Concession”</b>	means the administrative concession for the construction and operation of cultural, sport and leisure facilities over certain public domain areas adjacent to the H2O Property
<b>“Conflicts Side Letter”</b>	the side letter to the management agreement dated 11 September 2009 entered into by the Company and the Investment Manager
<b>“CREST”</b>	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in Uncertificated Form in respect of which CRESTCo is the Operator (as defined in the Regulations)
<b>“CRESTCo”</b>	CRESTCo Limited
<b>“CREST Requirements”</b> <b>Guernsey</b>	Rule 8 and such other rules and requirements of CRESTCo as may be applicable to issuers as from time to time specified in the document entitled “CREST Reference Manual” issued by CRESTCo
<b>“CREST Agreement”</b> <b>Services</b>	the agreement entered into between Computershare and the Company dated 28 September 2011
<b>“CULS”</b>	convertible unsecured loan stock
<b>“Deed of Accession”</b>	the deed of accession entered into between Alpha Tiger Spain No. 1 Limited, the Investment Manager and the Company dated 31 March 2010
<b>“Default Shares”</b>	has the meaning given to it in paragraph 8.2.8 of Part VII of this

	document
<b>“EBITDA”</b>	Earnings Before Interest, Taxes, Depreciation and Amortisation
<b>“ECB”</b>	European Central Bank
<b>“FIT”</b>	Freehold Income Trust, an open-ended unauthorised unit trust scheme
<b>“FIT Investment”</b>	the investment made by the Company in FIT, more fully described in paragraph 4 of Part II of this document
<b>“FSA”</b>	the Financial Services Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“Galaxia Investment”</b>	an investment made by the Company in NODIA, more fully described in paragraph 1 of Part II of this document
<b>“GDP”</b>	gross domestic product
<b>“Gross Assets”</b>	the aggregate value of the assets of the Company determined in accordance with the accounting principles adopted by the Company from time to time
<b>“Gross Dividend”</b>	has the meaning given to it in paragraph 7.2.4 of Part VII of this document
<b>“Group”</b>	the Company and its subsidiary undertakings for the time being
<b>“Group Companies”</b>	has the meaning given to it in paragraph 8.2.19 of Part VII of this document
<b>“H2O Investment”</b>	the investment made by the Company in the H2O shopping centre in Madrid, Spain, as more fully described in paragraph 2 of Part II of this document
<b>“H2O”</b>	means the H2O shopping centre located in Madrid as more fully described in paragraph 2 of Part II of this document
<b>“High Watermark Amount”</b>	the adjusted share price of the Company as described in paragraph 9.1.1 of Part VII of this document
<b>“ICTA”</b>	Income and Corporation Taxes Act 1988
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Independent Auditors”</b>	BDO Limited
<b>“INR”</b>	the legal currency of the Republic of India
<b>“Interim Accounts”</b>	means the Company’s Interim Accounts for the period ended 30 September 2011
<b>“Investment Company Act”</b>	means the US Investment Company Act of 1940, as amended
<b>“Investment Manager”</b>	Alpha Real Capital LLP
<b>“Investment Policy”</b>	the investment policy of the Company as set out in paragraph 3 of Part I of this document
<b>“ITA 2007”</b>	Income Tax Act 2007

<b>“IT Park”</b>	has the meaning given to it in paragraph 9.1.8(a) of Part VII of this document
<b>“KMS”</b>	means KMS Holding B.V.
<b>“KMS Call Option”</b>	has the meaning given to it in paragraph 9.1.5 (iv) in Part VII of this document
<b>“KMS Call Option Agreement”</b>	has the meaning given to it in paragraph 9.1.5 (iv) in Part VII of this document
<b>“KMS Shareholders Agreement”</b>	has the meaning given to it in paragraph 9.1.5 (ii) in Part VII of this document
<b>“Laws”</b>	every Order in Council, Act or Ordinance for the time being in force concerning companies registered in Guernsey and affecting the Company
<b>“Logix”</b>	Logix Group
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc
<b>“Luxco”</b>	means Lux Co 111 S.à r.l
<b>“Luxco Call Option”</b>	has the meaning given to it in paragraph 9.1.5 (iii) in Part VII of this document
<b>“Luxco Call Option Agreement”</b>	has the meaning given to it in paragraph 9.1.5 (iii) in Part VII of this document
<b>“Luxco Shareholders Agreement”</b>	has the meaning given to it in paragraph 9.1.5 (i) in Part VII of this document
<b>“Management Agreement” or “Investment Manager Agreement”</b>	the management agreement between the Company and the Investment Manager dated 18 December 2006
<b>“Mezzanine Loan Agreement”</b>	has the meaning given to it in paragraph 9.1.5 (vi) in Part VII of this document
<b>“Net Asset Value” or “NAV”</b>	the value of the assets of the Group less its liabilities, calculated in accordance with the accounting principles adopted by the Group from time to time
<b>“Net Asset Value per Share” or “NAV per Share”</b>	the Net Asset Value divided by the number of Shares in issue or deemed to be in issue at the time of such valuation
<b>“NOIDA”</b>	New Okhla Industrial Development Authority
<b>“Pacific Investments”</b>	Pacific Investments II Limited, a company controlled by Sir John Beckwith
<b>“Panmure Gordon” or “Broker”</b>	Panmure Gordon (UK) Limited
<b>“Permitted Transfers”</b>	has the meaning given to it in paragraph 8.2.8 of Part VII of this document
<b>“PIK”</b>	means payment in kind



<b>“Prohibited Territories”</b>	Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa, the USA and their respective territories and possessions
<b>“Promoters”</b>	has the meaning given to it in paragraph 9.1.8(a) of Part VII of this document
<b>“Prospectus”</b>	means this document
<b>“Prospectus Rules”</b>	means the Prospectus Rules published by the FSA
<b>“Official List”</b>	means the list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
<b>“QPs”</b>	means qualified purchasers as such term is defined in the Investment Company Act
<b>“QPs”</b>	means qualified purchasers as such term is defined in the Investment Company Act
<b>“Registrar”</b>	means Computershare Investor Services (Jersey) Limited
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
<b>“Revised Investment Policy”</b>	the revision to the Investment Policy by the Company dated September 2009 as more fully described in paragraph 2 of Part I
<b>“Rules”</b>	means the Authorised Closed-Ended Investment Scheme Rules 2008 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987
<b>“RICS”</b>	means Royal Institution of Chartered Surveyors
<b>“RIS”</b>	a regulatory information service provider approved by the UK Listing Authority
<b>“SDRT”</b>	stamp duty reserve tax
<b>“section 13”</b>	has the meaning given to it in paragraph 7.2.7 of Part VII of this document
<b>“Securities Act”</b>	means the US Securities Act of 1933, as amended
<b>“Settlement Agreement”</b>	means the agreement between the Company and Logix dated 28 May 2010 under which it sold its interest in the Technova Investment, which agreement lapsed on 28 May 2011
<b>“Shares”</b>	shares of no par value in the Company
<b>“Shareholders”</b>	holders of Shares
<b>“Special Economic Zone”</b>	means a special economic zones notified as such by the Government of India pursuant to the Special Economic Zones Act 2005
<b>“Specialist Fund Market” or “SFM”</b>	the market of that name operated by the London Stock Exchange
<b>“Sterling”</b>	the legal currency of the United Kingdom from time to time
<b>“subsidiary undertaking”</b>	the same meaning given to that term in section 1162 of the Companies Act 2006, as amended

<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers
<b>“Technova Investment”</b>	an investment made by the Company in NODIA, more fully described in paragraph 2 of Part I of this document
<b>“Technika Investment”</b>	an investment made by the Company in NODIA, more fully described in paragraph 2 of Part I of this document
<b>“Total Shareholder Return”</b>	is a percentage amount calculated in accordance with paragraph 9.1.1 of Part VII of this document
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code issued by the Financial Reporting Council
<b>“UK” or “United Kingdom”</b>	United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“Uncertificated Form”</b>	shares recorded in the Company’s register of Shareholders as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
<b>“USA”</b>	the United States of America, its territories and possessions, any state in the United States of America, the District of Columbia and all other areas subject to its jurisdiction
<b>“US Persons”</b>	has the meaning given to it in Regulation S under the Securities Act
<b>“VAT Loan Agreement”</b>	has the meaning given to it in paragraph 9.1.5 (vi) of Part VII of this document
<b>“Warrant Instrument”</b>	the warrant instrument of the Company dated 18 December 2006
<b>“Xansa”</b>	means Xansa plc