

# Alpha Tiger Property Trust Limited

29 October 2008

## Alpha Tiger Property Trust Limited ('Alpha Tiger' or the 'Company') Trading Update

During the third quarter of 2008, the Indian real estate market has continued to show signs of slowing from its recent robust performance in response to a global environment of financial uncertainty and domestic credit tightening. While rents have continued to grow, albeit at a slower rate, property investment yields have eased slightly in response to higher domestic interest rates and more conservative bank lending policies. With inflation expected to slow in the coming quarters, and with approaching elections in the first half of next year, interest rates are expected to begin to move downwards.

Indian economic growth remains strong with GDP growth expected to continue at around 7% per annum. The fundamental drivers for business park space from India's rapidly expanding Information Technology (IT), Information Technology enabled services (ITeS), Business Process Outsourcing (BPO) and outsourcing industries remain firmly in place, creating the opportunity for attractive investor returns. IT/ ITeS output should grow rapidly in the medium term, due to India's cost advantages in these sectors. As the prime beneficiary of global outsourcing, India should continue to benefit as many companies across the US and Europe look at further outsourcing options to reduce costs.

Domestic inflation has continued to fall and was under 11.5% by mid October (down from a peak of 14.8% in August 2008) and is anticipated to fall further.

Over the past month, the debt markets have demonstrated significant volatility. The RBI (Reserve Bank of India) has been quick to take proactive steps to inject liquidity by cutting the cash reserve ratio ('CRR'), the amount of deposits that banks must keep on reserve with the RBI, from 9% to 6.5% in a series of three steps. The RBI also cut its REPO rate - the rate at which the RBI lends money to banks for the short term in exchange for securities - by 100 basis points to 8%; this is expected to immediately reduce borrowing costs.

The RBI has confirmed that India's banks are well-capitalised with only a marginal exposure to overseas credit markets. At a time when many countries are taking capital stakes in or nationalising banking assets, the Indian government has benefited from its historic reluctance to sell more than 49% in its state-owned banks – which control some 70% of India's banking assets.

The Company's strategy remains focussed on opportunities that can deliver high returns from value-added investments primarily in the business park sector, while seeking to manage risk through a combination of operational controls, diversification and preferred return structures.

The Company is assessing strategies to further enhance shareholder returns and further diversify risk through the more active rotation of capital as the value of its investments and developments progress and joint venture partners are brought in at sensible price levels. As these strategies create more capital flexibility, the Company will be in a position to review from time to time the opportunity to manage its capital base.

### Net asset value

The unaudited adjusted net asset value per share of the Company is 102.2 pence at 30 September 2008 (30 June 2008:101.7 pence). There has been no further valuation of property assets conducted subsequent to 30 June 2008.

### Share buyback

Given the prevailing discount between the Company's share price and Net Asset Value per share and the current condition of the equity markets, the Company intends to initiate a buyback of its shares and will review opportunities to do so from time to time consistent with the prudential requirements of its existing commitments and the relevant share price at the time. Shares bought back will be held as treasury shares where applicable, maximising the Company's financial flexibility.

# Alpha Tiger Property Trust Limited

The Board has considered the Company's current operating position and commitments and intends to implement a share buyback programme for up to 10% of the Company's issued share capital. The Board shall determine the timing and amount of any repurchases based on its evaluation of market conditions, share price and other factors. The share repurchase program may be suspended or discontinued at any time.

## Investment activity

The total equity committed (including conditional commitments) is £59.9 million (INR 4,800 million) of which £6.9 million (INR 544 million) has been spent to 30 September 2008. The cash position at 30 September 2008 is £68.3m.

Development	Commitments		Drawn to Date	
	£ million	INR m	£ million	INR m
Galaxia (Noida, Sector 140a)	14.3	1,147	-	-
Technova* (Noida, Sector 132)	10.5	841	5.1	400
Technika (Noida, Sector 132)	4.2	335	1.2	101
Chennai	30.9	2,473	0.6	43
<b>Total</b>	<b>59.9</b>	<b>4,796</b>	<b>6.9</b>	<b>544</b>

\* Includes compound interest on the Fully Convertible Debentures ("FCD's").

For future commitments and targeted debt a conversion at a rate of INR 80:£1 has been applied.

## Financing

At Technova, the Special Purpose Vehicle ("SPV") is targeting debt facilities of £12.5 million (INR 1,000 million), representing approximately 78% of construction cost. To date, the SPV had secured £8.3 million (INR 660 million) of debt with a consortium of Indian banks. The balance of the debt facility has been sanctioned and the financing documents are in solicitors hands.

## Developments

The Company has established a strong presence within the National Capital Region ("NCR") of New Delhi. The Company is progressing substantial developments with Logix Group ("Logix"), one of the leading developers of business parks in Northern India.

## NOIDA

### Galaxia

#### Business park and mixed use - 1.2 million square feet – approved SEZ (Special Economic Zone)

The Company, together with Logix, has committed to develop approximately 1.2 million square feet of business park-led space and other support facilities at NOIDA in Sector 140a.

Alpha Tiger has executed an agreement for a co-development with Logix representing a cash commitment of £14.3 million (INR 1,147 million) for a 50% interest in the total development.

### Technova

#### Business park – 563,000 square feet

The Company, together with Logix, has committed to develop approximately 563,000 square feet of business park-led space and other support facilities at NOIDA in Sector 132.

# Alpha Tiger Property Trust Limited

Alpha Tiger has executed an agreement with Logix to acquire a 74% equity interest in a SPV for the purpose of holding a co-development ("Technova"). The anticipated cash commitment of the Company is £9.3 million (INR 744 million) of which £5.1 million (INR 400 million) has been invested to date. Construction is proceeding on schedule and the Company's investment enjoyed a significant valuation uplift of £1.2 million (INR 96 million) as at 30 June 2008.

## Technika

### Business park – 800,000 square feet

The Company together with Logix has committed to develop approximately 800,000 square feet of business park-led space and other support facilities on a 7.6 acre site at NOIDA in Sector 132.

Alpha Tiger acquired a 31.75% equity interest in the project ("Technika"). Alpha Tiger has 50% of the seats on the board of the SPV. The anticipated cash commitment is £4.2 million (INR 335 million) of which £1.2 million (INR 101 million) has been funded to date.

## CHENNAI

### Business park and mixed use - 2.65 million square feet – approved SEZ

The Company intends to develop up to 2.65 million square feet of business park-led space and other support facilities at the State Industries Promotion Corporation of Tamil Nadu (SIPCOT) Industrial Park in Chennai.

The Company has conditionally committed £30.9 million (INR 2,473 million) for the development of 25 acres of undeveloped land at Chennai, including the initial construction of business park led space for Steria's occupation and 900,000 square feet of development space. The construction of this high-quality business park led space at Chennai will be undertaken in up to three phases over four years.

## Project Management

The Company has recently executed a contract with Jones Lang LaSalle Meghraj for the provision of project management services on the Company's three development sites in NOIDA.

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Further information is available at [www.alphatigerpropertytrust.com](http://www.alphatigerpropertytrust.com)