

HIRCO PLC  
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FOR IMMEDIATE RELEASE

HIRCO PLC

GBP £77.8 million investment in Township Development in Chennai, India

Hirco PLC ("Hirco") is pleased to announce its first investment in one of the pipeline projects identified at the time of its flotation in December 2006. The pipeline project is a new development consisting of 19.6 million square feet for a mixed-use township on 251 acres of land on the outskirts of Chennai (the "Township Project").

The investment is consistent with Hirco's stated strategy, set out at the time of its flotation, to invest in certain FDI compliant Indian real estate development projects.

Highlights:

- The Township Project represents Hirco's first investment in a potential series of FDI compliant Indian real estate development projects. The Township Project is intended to create a fully integrated township, 90 per cent of which will consist of residential areas and the remainder will include retail, schools, medical facilities and leisure amenities.
- Hirco has invested £77.8 million (equivalent to 70 per cent of the total land value plus initial working capital) in the Township Project through its wholly owned subsidiary, Hirco Holdings Limited. Hirco and Hirco Holdings Limited have entered into an investment agreement with Burke Consolidated Ltd ("BCL"), an entity controlled by the Hiranadani family, to invest in the Township Project through a special purpose vehicle owned by BCL.
- Under the Aim Rules, BCL, its subsidiary undertakings and the various land owning companies comprised in the Township Project are considered "Related parties". The proposed transaction by Hirco in the Township Project is, accordingly, deemed to be a related party transaction under the AIM Rules.
- At the time of the flotation of Hirco, an investment committee made up of certain Hirco directors (the "Investment Committee") was set up independently of the Hiranandani family and is therefore independent of the proposed transaction. The Investment Committee considers, having consulted with HSBC Bank plc, Hirco's Nominated Adviser, that the terms of the proposed transaction are fair and reasonable insofar as Hirco's shareholders are concerned.

"We are very excited to be launching Hirco's first development in Chennai, between NH-4 and NH-45. The south-western belt of Chennai is currently witnessing tremendous growth, including newly announced units of Motorola, Nokia, Dell, BMW, and Infosys," says Priya Hiranandani-Vandrevala, CEO of Hirco PLC. "This development will be a master-planned community, which builds upon Hiranandani's heritage."

Further Details:

- Under the investment agreement, Hirco Holdings Limited will acquire participating preference shares in a wholly owned subsidiary of BCL, Burke 1 Ltd, which will itself contract to acquire through a subsidiary the various land owning companies in which the Township Project land title has been aggregated.
- Consistent with the model prescribed upon flotation, BCL will retain 100 per cent of the voting ordinary shares in the Township Project. Hirco will acquire from BCL a participating preferred

interest at a price equal to 70 per cent of the initial capital value of the Township Project. BCL will accordingly retain in the Township Project a subordinated capital interest equal to 30 per cent of its initial capital value.

- Under the agreement governing its preferred interest, Hirco Holdings Limited is entitled to a preferential 12per cent cumulative, compounded annual return on its investment together with 40 per cent of any residual profits remaining after a return of the capital investment of the owners of Burke 1 Ltd.

For further information, please contact:

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