

SUMMARY OF INVESTMENT TERMS

1. STRUCTURE OF THE INVESTMENTS

1.1 Structure

As outlined in the Admission Document dated 7 December 2006, Hirco (“**Hirco**” or “**the Company**”) was formed to invest in certain real estate development projects (the “**Projects**”) sourced and controlled by the Hiranandani Family. Hirco was conceived as an economic joint venture, and as a consequence the Company does not own or control the underlying real estate assets but instead has contractual protections and a waterfall participation (see paragraph 1.3 below).

The legal title to the Projects is owned by an Indian project company which is typically specific to that Project (each a “**Project Company**”, together the “**Project Companies**”), which is in turn wholly owned by a Mauritian investment company specific to that Project (each an “**Investment Company**”, together the “**Investment Companies**”). The Family control the board of, and own 100 per cent. of the voting ordinary shares of, the Investment Companies. Hirco Developments Private Limited (“**HDPL**”), a company formed by the Family, provides the development, marketing, project reporting and other services in respect of the Projects under contractual agreements (see paragraph 2.1 below). The Company owns preference shares in the Investment Companies (the “**Preference Shares**”) through its wholly owned subsidiary, Hirco Holdings Limited.

1.2 Preference Shares

The rights assigned to the Preference Shares were designed to provide a preferential return on investment to Hirco and, ultimately, to the shareholders of Hirco. Shareholders of the Company, therefore, do not own preference shares, although the performance of their ordinary shares in Hirco is a function of the Preference Shares. The Preference Shares have an accumulating, compounding preferred dividend of 12 per cent. per annum (to the extent that this dividend is not paid, it will accrue and be added to the balance payable to Hirco Holdings Limited).

1.3 Waterfall Provisions

Upon a distribution of funds from the Investment Company, net proceeds will be distributed as follows:

- First, to Hirco Holdings Limited, for onward distribution, an amount equal to all its accrued but unpaid preferred dividends;
- Secondly, to Hirco Holdings Limited for onward distribution, an amount equal to the principal amount of the Preference Shares;
- Thirdly, to the Family, an amount equal to its capital investment (being its initial retained interest plus any subsequent cash investments); and
- Fourthly, to Hirco Holdings Limited for onward distribution, an amount equal to 40 per cent. of any surplus assets and to the Family the balance.

No distributions are permitted by any Investment Company until such time as Hirco has been repaid the full amount of its invested capital in that company and any accrued but unpaid preferential dividends up to that date.

2. AGREEMENTS GOVERNING INVESTMENTS

2.1 The Key Agreements

The key agreements governing Hirco's investment in each Project are consistent with the *pro forma* templates that were summarised in the Admission Document and include the following:

- an investment agreement to regulate the Family's and Hirco Holdings Limited's investments in and the operation of each Project (the "**Investment Agreements**" and each an "**Investment Agreement**");
- a Development Management and General Services Agreement ("**DMGS**") between each Project Company and HDPL; and
- a Marketing Services Agreement between each Project Company and HDPL ("**MSA**"),

the latter two agreements being the "**Project Agreements**".

2.2 Dividend Rights

Under the Investment Agreements, payment of any Preference Share dividends require Investment Company board authorisation which will not be given if an Investment Company would fail broadly two solvency tests. Any dividend arrears are to be met from first available profits at the Investment Company level (which are defined as the retained earnings of the Investment Company after taking into account accumulated losses).

The Investment Companies have contractually undertaken to Hirco to procure that their subsidiaries (i.e. the Project Companies) which have profits available for distribution shall declare and pay to the Investment Companies such dividends as are necessary to permit the prompt payment of the Preference Share dividend. The Investment Companies must procure (as far as they are able) that each subsidiary, which has cash which exceeds requirements but no profits available for distribution, shall pay such cash up to the Investment Companies.

2.3 Project Companies' Loan Documentation

In addition to the requirements set in the Investment Agreements, Hirco understands from HDPL that, under the terms of the relevant facility agreements, Project Company lender consents are required before cash can be distributed out of the Project Companies. In its interim results announcement on 21 May 2010, the Company reported that Project Company lenders had indicated that they were unlikely to consent to cash distributions in the near term as the Projects are still in the early stages of a development (debt amortisation for the Chennai Projects has just recently begun and for the Panvel Project has yet to begin). There is no formulaic answer as to precisely what date the combination of sufficient earnings and profits, net of reserves, sufficient debt amortisation, and lender consent will coincide to permit cash distribution for a potential dividend. The Company concluded that the covenants within the Project Companies' loan documentation coupled with the lengthening of Project timelines would delay the likely date of payment of accrued but unpaid preferential dividends to Hirco Holdings Limited.

2.4 Information Rights

The Company has various wide ranging information rights in respect of the Projects. Under each Investment Agreement, the Investment Companies and Burke Consolidated Limited ("**BCL**", the Family vehicle which owns the ordinary shares in the Investment Companies) undertake that the Investment Companies will generally keep Hirco Holdings Limited and therefore Hirco informed of the progress of the business and affairs of each company within the Investment Companies' Group (which includes the Project Companies). More particularly, they undertake to:

- procure that Hirco (and any of its respective advisers or consultants) is given such information and such access to the officers, employees and premises of the Group as it may reasonably require for the purposes of enabling it to monitor its investment in the Investment Companies and to meet its reporting obligations as a company admitted to trading on AIM; and
- direct the Investment Companies' auditors from time to time to provide to Hirco (or any of its advisers or consultants) such information as Hirco may reasonably request for the purposes of enabling it to monitor its investment in the Investment Companies and to prepare its financial statements.

Each Investment Company has, as an ongoing obligation, to prepare and send to Hirco:

- a detailed draft operating budget (including a cash flow and expenditure forecast) for the Group in respect of its next financial year, not later than three months before the end of each financial year;
- an Accounts Information Package for each quarterly accounting period, as soon as reasonably practicable following, and in any event within three weeks of, the end of such period. This package means a financial statement and management accounts for the Group incorporating profit and loss account, balance sheet, cash flow statement, together with a breakdown identifying and explaining variances from prior year figures and a rolling cash flow, profit and capital expenditure forecast for next 6 months;
- a Project Information Package for each monthly accounting period, as soon as reasonably practicable following, and in any event within three weeks of, the end of such period. This package means a project financial statement, incorporating a statement of the sales, costs, cash payments, payables and progress for each project with which the Group is involved, together with a breakdown identifying and explaining variances from the Development Plan;
- the audited consolidated accounts of the Group (together with the notes thereto and the directors' report and auditors' report thereon), as soon as reasonably practicable following, and in any event within three months of, the end of the financial year to which they relate;
- minutes of each board meeting of any Company in the Group (and of each committee meeting of any such board), as soon as reasonably practicable following, and in any event within two weeks of, such meeting; and
- forthwith upon the Investment Companies or any member of their Boards becoming aware of them, written details of any fact, matter or circumstance which will or might:
 - (a) cause any actual or prospective material adverse change in the financial position, prospects, assets or business of any Company in the Group;
 - (b) materially adversely affect the Investment Companies' ability to perform their obligations under the Investment Agreements, the Project Agreements or the Group Company's ability to perform its obligations under any material contract to which it is a party; or
 - (c) cause a material deviation from the Development Plan.

BCL also undertakes to Hirco that it will exercise its rights in the Investment Companies to procure that full effect is given to the obligations of the Investment Companies under the Investment Agreements. Various information rights are also set out in the Project Agreements although neither Hirco nor Hirco Holdings Limited can directly enforce the information rights under the Project

Agreements against HDPL as it is not a party to the Project Agreements. However, under the Investment Agreement, the Investment Companies undertake to Hirco that they will enforce the rights under the Project Agreements where a HIC direction has been given. Therefore, following a direction from Hirco the Investment Companies (through the Project Companies which are party to the Project Agreements) would be required to request information from HDPL to which they are entitled under the Project Agreements.

2.5 Other Covenants

Under the Investment Agreement, the Investment Companies undertake various covenants which include the following:

PART I - POSITIVE COVENANTS

The Investment Company undertakes to Hirco that it shall:

Project Agreements

1. in relation to each Project Agreement or any document executed pursuant to or in connection with any of them:
 - 1.1 promptly inform Hirco upon its becoming aware of any facts or circumstance which would or may constitute a breach of any provision of any such agreement or document;
 - 1.2 to the extent required by a direction from HIC (which is the Hirco-controlled Investment Committee of Hirco Holdings Limited), enforce its rights under any such agreement or document and keep Hirco informed of the progress of such an action; and
 - 1.3 except with HIC Consent, not enforce its rights under any such agreement or document (or release, compound or compromise any liability to any Group Company) or give time or indulgence to any party except with HIC consent.).

Material Non-Ordinary Course Business

2. refer all material non-ordinary course decisions to the Board of Hirco Holdings Limited, or where the Investment Agreement expressly requires, to HIC.

Compliance with Constitutional Documents and Law

3. ensure that each Group company shall in all material respects observe ... and comply with... all its constitutional documents... and all laws...

PART II - NEGATIVE COVENANTS

- A. Save for those matters which require consent from HIC, the Investment Company undertakes to Hirco that it shall not, without the consent of the Board of Hirco Holdings Limited:

Acquisitions, disposals and capital commitments

1. otherwise than in the ordinary and usual course of trading: sell, lease, transfer, license or otherwise dispose of or purchase, lease, license or otherwise acquire any shares, debentures, mortgages, securities,

businesses or undertakings (or any interest therein) or any material asset whether by a single transaction or by a series of transactions (related or not);

2. acquire or dispose of any material asset or provide or receive any material service otherwise than at market value and on an arm's-length basis;

Loans and borrowings

3. make, increase or extend any loan or advance or grant any credit to anyone whomsoever (other than (i) trade creditor in the ordinary and usual course of trading or (ii) advances made to employees in respect of travel expenses properly incurred by them on the Company's behalf);
4. grant, create or allow to arise any charge, security, lien or encumbrance over any of its assets (other than (i) trade creditor in the ordinary and usual course of trading or (ii) as envisaged by the Development Plan or (iii) in relation to any financing made or obtained in accordance with prescribed Further Funding provisions; *
5. borrow any monies or incur any indebtedness or other liability (other than (i) in accordance with the Development Plan or (iii) trade credit in the ordinary and usual course of trading or (iii) in accordance with prescribed Further Funding provisions*

* If the board of the Investment Company decides that the Investment Company needs further funding, unless Hirco and BCL agree otherwise, that board shall first seek to obtain such further funding at the Project Company level from third party debt finance providers on commercially reasonable terms. If such third party debt finance is not available on commercially reasonable terms or if the board of the Investment Company determines that the gearing of the Project Company would be too high as a result of such debt financing, the board shall seek to obtain such further funding from Hirco and BCL by way of share subscription. The consent of the Hirco Board is required if borrowings of a Project Group are proposed to exceed 50 per cent. of forecast development and land acquisition costs set out in that Project Group's development plan. Any additional contributions that are required to be made will be made in the same form and on the same terms as the original investment except that any further investment by BCL will be in cash.

Property

6. acquire or dispose of any material freehold or leasehold property...;

Miscellaneous

7. incorporate or liquidate any subsidiary undertaking or effect any hive-up or hive-down or any group reorganisation;
8. ...
9. issue any shares, debentures or other securities or grant any options to subscribe for or issue any other securities convertible into shares of the Company other than in accordance with the prescribed Further Funding provisions.
10. change the composition of the board of the Investment Company;

11. approve any variance to the aggregate project costs comprised in the Development Plan on a look forward basis by more than 5%; or

12. make any material change to the nature or scope of the Investment Company's business as conducted at Closing;.

13. .

B. The Investment Company undertakes to Hirco that it shall not, without HIC Consent:

Project Agreements

1. execute, approve, amend, vary or waive or breach any provision of, or terminate (or give notice to terminate) any of, the Project Agreements or request any indulgence or waiver thereunder or take any action inconsistent therewith;

Development Plan

2. adopt, materially amend or otherwise materially alter the Development Plan or take any action materially inconsistent therewith;

Related Party Agreements

3. enter into any transaction of whatsoever nature with or for the benefit of, or make any payment (other than a bona fide payment of emoluments for services rendered) to (i) any shareholder or (ii) any Related Party, except for the repayment by the Project Company of any loan made to the Project Company by any such Shareholder or Related Party on or prior to the Closing Date for the purposes of funding the land aggregation and associated costs of the Group incurred in the acquisition of its real estate interests and the development of the project contemplated by the Development Plan;

4. amend, vary, waive or breach any provision of, or fail to enforce or terminate (or give notice to terminate), any contract to which the Investment Company is a party which is a contract (i) with any shareholder (other than Hirco Holdings Limited) or (ii) any Related Party;

5. provide consent to any transaction under affiliated transaction provisions of the DMGS or MSA.

Additional Capital Contributions

6. enter into any transaction of whatsoever nature or take any action which would require Hirco Holdings Limited to make an additional capital contribution to the Investment Company;

Miscellaneous

7. allow the Investment Company or any Group Company to make, increase or extend any management charges, service charges or charges of a similar nature otherwise than in accordance with the terms of the Project Agreements;

8. agree to do any of the things referred to in this Part B of Part II of this Schedule 2.

PART III – BCL COVENANTS

BCL agrees with Hirco that it will exercise its rights in the Investment Companies (whether as a shareholder or as a director or both) so that the Investment Companies shall not amongst other things, without consent from HIC, materially amend the constitutional documents, declare or pay dividends, alter share rights, purchase or redeem shares, or give notice of or wind up the Investment Companies.

2.6 Termination Rights and Managing the Projects

If either an Investment Company or BCL is in material breach of any of the covenants given in clause 6 (Conduct of Business) and Schedule 2 of the Investment Agreement (a "**Default Event**"), then the holders of Preference Shares (i.e. Hirco Holdings Limited) shall be entitled to vote on the same terms as the holders of Ordinary Shares, being one vote per share. This shall continue for only so long as the breach giving rise to the Default Event subsists and this is essentially a temporary measure unless there is an irremediable breach.

Also under the Investment Agreement, Hirco has the right to direct that the Project Companies should terminate the DMGS and/or the MSA. By their terms, the DMGS and/or the MSA can only be terminated by either party in the following situations:

- where there has been a material breach (which if remediable, has not been remedied within 60 days);
- if Priya Hiranandani and Niranjana Hiranandani cease to be either directors, consultants, employees of HDPL and such an event is considered by the Project Companies as having a material adverse effect on the projects; or
- if either the Project Company or HDPL party enters into insolvency proceedings or any arrangement with creditors.

Where one Project Agreement is terminated, the other automatically terminates.

2.7 Constitutional Documents

Each Investment Agreement further provides that should the terms of the articles of association or equivalent constitutional document of any company within the Investment Companies' Group (which includes the Project Companies) conflict with the terms of the Investment Agreement, then the terms of the Investment Agreement will prevail.

2.8 Governing Law

The Investment Agreements are governed by English law but arbitration proceedings are to be held in Singapore in relation to any dispute. The Project Agreements are governed by the laws of India.