

Company News

Date: 4 July 2007

YATRA CAPITAL LIMITED

€10.70

Market Cap: €107 million

Yatra Capital Limited announces its fourth investment in Real Estate in India

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- **Commitment to invest € 17.24 million for a 24% holding in a Retail Real Estate Development venture**
- **72.57% of initial funds raised in December 2006 now committed**

Yatra Capital Limited ("Yatra") the first Euronext quoted Indian Real Estate Company is pleased to announce its fourth investment in Indian real estate following a commitment of €17.24 million in equity for a 24% holding in a joint venture to develop "Market City", Pune, Maharashtra.

The Market City development will be amongst the largest shopping centres in Pune, a city which, at the last census in 2001, had a population of 4.5 million making it over four times larger than Birmingham, the UK's second largest city. The development is located on a prime site on Nagar Road, a key arterial road in Pune city surrounded by mid to high end housing, as well as significant office and technology parks. This investment underlines Yatra's stated strategy of investing in fast growing Indian cities where the board believes there is the greatest opportunity to deliver growth and subsequent shareholder value.

Yatra's joint venture partner is a leading and well established retail real estate development company, Ashok Ruia Enterprises Private Limited ("AREPL"). AREPL is part of The Phoenix Mills Limited ("Phoenix"), an Indian Stock Exchange quoted company, which has emerged amongst the most prominent retail and leisure

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infrastructure developers in India. In April 2007, the merger of AREPL with Phoenix was announced with completion expected by October 2007. AREPL and Phoenix have strong management teams which are led by Mr. Atul Ruia.

On the 25 June 2007, Yatra announced a strategic investment of €3.73 million in Phoenix, the purpose of which was to enable the Company to participate in the Indian retail sector with a highly experienced and quality player, with the added advantage of potentially participating in down stream projects. Yatra acquired 126,756 shares for €29.27 (INR 1600) per share and holds a 0.88% stake in Phoenix.

Phoenix pioneered the 'Market City' concept. Market cities are retail-led large scale developments that are typically in city centre locations and comprise high quality retail, commercial, entertainment and hotel facilities designed to be destinations in themselves.

The 1.5 million sq ft Market City in Pune will be positioned as a destination centre offering a large variety of shopping and leisure options to consumers – including a hypermarket, multiple department stores, a home store, a multiplex, food courts and restaurants, an entertainment zone, as well as and a large number of brand stores set amidst a landscaped environment with artificial bodies of water.

The architects Benoy, who designed Bluewater in London, Europe's largest and most innovative shopping centre, have been appointed to design the Pune Market City mall.

Currently seven such market cities, with a total size of 15 million sq ft, are being developed across the country and there are plans to develop several such projects in tier I & II cities in India.

The growth in the retail sector is one of the key stories driving the future growth of Indian real estate. At present, organised retailing is a small part of the overall retail

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industry, comprising only about 4% of the total. However, the organised segment is expected to grow from about US\$8-10 billion currently to more than US\$100 billion in the next few years, with an annual growth rate of more than 34%, thereby requiring over 500 million sq ft of planned retail space (as per the estimates of ICICI Property Services and KSA Technopak). Yatra's investment in Market City Pune is likely to significantly benefit from this expected retail growth in India.

Saffron Capital Advisors Limited ("Saffron"), sourced, evaluated and advised on this joint venture using its experienced team which specializes in Indian real estate investments. Yatra, through its subsidiary K2 entered into an Investment Advisory Agreement with Saffron in August 2006.

Following this investment, Yatra Capital Limited will have invested €72.57 million of the €100 million that it raised in December 2006.

Commenting on this investment, Sir Nigel Broomfield, Chairman, Yatra Capital Limited, said: "Today's announcement clearly underlines the value of the strategic investment we recently made in Phoenix and again demonstrates Yatra's ability, through Saffron, to access quality opportunities with experienced developers and operators. This is our fourth investment in India and we are pleased that it is with such an experienced and high quality partner as AREPL. With this investment, Yatra will have committed €72.57 million of the initial €100 million raised in December 2006."

Mr. Atul Ruia, Director, AREPL, added: "This is a key milestone in the growth of our retail development plans. Yatra Capital, through its advisor Saffron, is a well informed and networked partner and we are looking forward to working closely with them going forward."

Mr. Ajoy Veer Kapoor, Managing Director, Saffron Asset Advisors, also commented: "This investment fits well with our stated investment strategy and is exactly the type of development we will continue to focus on. The retail market in

India is rapidly expanding to satisfy an increasingly affluent and expanding population which demands a higher quality of shopping, leisure and entertainment than is currently available. We believe AREPL and Phoenix are well poised with their experience and strong team to deliver high quality developments.”

Pune

Pune, located south east of Mumbai is the eighth largest city in India with a population of 4.5 million (as per 2001 census). Pune is referred to as “The Cultural Capital of Maharashtra”, “The Queen of Deccan” and “The Oxford of Maharashtra”. All the above have been some of the key reasons why Pune has seen substantial annual growth over the last few years.

Pune is known for its salubrious climate, skilled human resource, large industrial base, defense establishment and software technology. Earlier focused on industrial activities, Pune is now developing as one of the fastest information technology destinations in India. HSBC, IBM, Aviva, Accenture are just some of the multinationals with a large presence in Pune.

The city is also the automobile hub of western India and as such, automobile and auto ancillary companies have a large presence. Daimler Chrysler and Tata Motors to name but two.

This engineering and automobile hub of western India has also emerged as a major IT centre, with high quality software parks. Software exports from Pune increased by 48% touching US\$ 2 billion.

Pune is one of the fastest growing cities in India receiving both state and central governments support on large investments dedicated for its infrastructure.

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Notes to Editors:

- In December 2006, Yatra raised €100 m to invest in Indian real estate. Yatra is the first company listed on Euronext, Amsterdam with a strategy to invest in the Indian real estate market.
- This is the fourth investment to be announced by Yatra. As a result of this announcement Yatra will have €72.57 million invested in Indian real estate.
- Yatra invests in India through the advice it receives from the investment committee of K2, a subsidiary of Yatra and Saffron Capital Advisors.
- Saffron is one of the leading Indian real estate advisory fund managers and has a highly experienced and talented team specializing in Indian real estate investments. Yatra through its subsidiary K2 entered into an Investment Advisory Agreement with Saffron Capital Advisors in August 2006.
- Yatra focuses on investing in opportunities that create high value for its shareholders with a focus on tier 2 and tier 3 cities. Yatra also has a keen focus on tier 1 cities, subject to the value based acquisitions.
- Yatra trades on Euronext, ticker Yatra, and has a current capitalization of €107 million.
- Further information on Yatra is available from the website www.yatracapital.com.

NOTE – All figures regarding development sizes are approximations and all figures related to investment size are accurate on the date of this news release and may change subject to exchange rates.

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