

Company Data

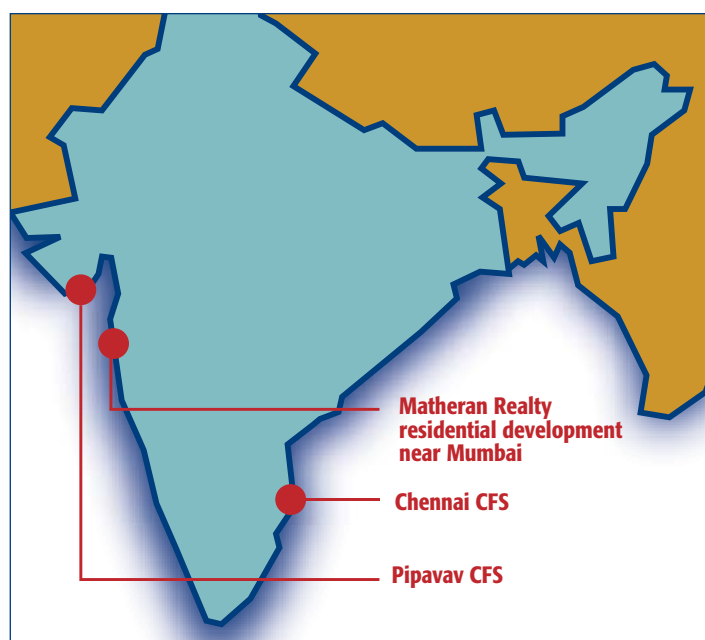
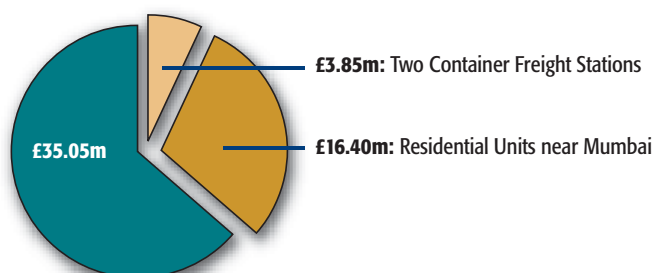
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This is the first of a series of regular newsletters from Eredene Capital PLC, the AIM-quoted Indian property developer. It is part of our commitment to keep you up to date with news about the Eredene Group and its investments and tell you how they are progressing.

EREDENE'S NEW INVESTMENTS

Following the announcement in June 2007 of its broadened investment strategy, the Eredene Group has invested in three new projects in Indian real estate in areas that offer exciting growth opportunities – a major development of affordable housing near the city of Mumbai and two Container Freight Stations that will serve commercially important seaports. The Company is actively examining real estate investments. Eredene's investment commitments now total up to £20.3 million, which represents 37% of the net funds Eredene raised in April 2006.

£55.3m: NET FUNDS RAISED



INVESTING IN SOME 185,000 NEW RESIDENTIAL UNITS FOR MUMBAI

The Eredene Group has invested up to £16.4 million in Matheran Realty Private Limited, a development company which plans to build some 185,000 residential units in eight different locations around the Mumbai Metropolitan Region.

This low-cost residential development on the outskirts of the city aims to fill a growing demand for affordable housing within commuting distance of Mumbai's booming job markets. Based on the average household of the target income group, the development will provide housing for up to one million people.

Construction and pre-sales on the first site are both scheduled to start in 2008. The last of the developments are expected to be completed within 10 years.

Under terms of its investment, the Eredene Group has 49% of the voting rights in Matheran and holds 55% of its economic interest.

The residential units will be constructed with prefabricated fibre cement boards – a low-cost, high-quality system of building pioneered in Australia. Matheran has negotiated preferential terms to use a patented technique developed by Sterling Construction and Development Corporation (www.sterlingforms.com). The Manila-based company has developed a unique way of bonding James Hardie Hardiflex boards (www.jameshardie.com) and it has successfully built a number of residential sites with this technique in Australia, Qatar, Vietnam and the Philippines. Sterling is setting up a subsidiary in India to build for Matheran.

The construction method is cheap and fast. The boards are bonded together to make 2½ and 4 inch thick panels which are delivered to site and are slotted together and, after ducting and wiring, they are grouted with ready-mix cement. Sterling buildings essentially come in kit form; they are modular and can be designed and cut to almost any shape.



Sterling walls can be used to construct buildings 4-5 storeys high and are structured to withstand the typhoons and Pacific Rim earthquakes experienced in the Philippines.

Visitors to the Sterling factory in Manila are invited to take a 14lb sledgehammer to one of their walls. Conventional block walls would crack and cave in under repeated hammer blows. Sterling walls are scarcely dented. They can also withstand bullets and there is a section of wall painted as a firing range target, which was tested by police marksmen using M16s and other weapons, to prove the point.

Because the walls are cement they are also impermeable and water proof.



"Sterling walls are not just strong," says Mark Taylor, Chief Executive of Sterling Construction and Development Corporation. "They are durable and require little maintenance."

In addition to their strength and durability they have other key qualities. Sterling walls are easy and cheap to build – construction is twice as fast as conventional methods, and building can take place in just about any weather conditions, and the finish is uniformly high quality.

"This is a proven, low-cost system, which we are confident we can take to India and build there on a large scale," says Mark.



TWO NEW CONTAINER FREIGHT STATIONS TO SERVE THREE STRATEGIC INDIAN PORTS

The Eredene Group has invested up to £3.85 million in separate projects developing dedicated Container Freight Stations at two sites expected to total initially 60 acres to serve three commercially strategic and growing Indian Ports.

The rapid growth in global container traffic has given rise to a new Container Freight Station support industry. These service facilities – known by their initials CFS - are normally located on large sites close to ports and typically provide value-added services such as bonded warehousing, long-term storage, factory units for re-assembly of machinery and vehicles, warehouses for packing and unpacking containers, and rail and road transport services.

Despite its booming export-led economy, India lags behind some other markets in terms of container traffic. Containerisation of cargo in India is at about 45%-50%, compared to an average of 65%-75% in developed economies. Increasing containerisation will help grow the Indian container trade at an expected 15% year on year over the next decade, driving demand for the facilities offered by high-quality Container Freight Stations such as those provided by our investee companies.

CHENNAI CFS

The Eredene Group's first CFS project is in the southern state of Tamil Nadu where it has invested £850,000 for a 49% stake in a Special Purpose Vehicle (SPV) developing a site which will service both the ports of Chennai and Ennore. The new CFS is expected to be on an area of about 28 acres, some 12 kilometres from Ennore and 17 kilometres from Chennai, both expanding ports where there is growing demand for container service handling facilities.

Chennai Port has an established container terminal that is owned and operated by Dubai Ports World (formerly P&O Ports India). Ennore's container terminal is in development and is forecast to become operational in 2010.

The Eredene Group's partner in this new dedicated CFS is the Sattva Group, a significant regional logistics operator. Construction has commenced and the facility is due to be completed and become revenue generating by mid-2008.

PIPAVAV CFS

The second CFS project is in Gujarat State where the Eredene Group is investing up to £3 million for a 40% stake in an SPV which is developing a dedicated CFS at Pipavav, a fast-growing port in the south of the State.



The initial planned 32-acre greenfield site for the Pipavav CFS is very close to the port gate. The Eredene Group has invested an initial £1.8 million in the project and construction has already commenced. The Eredene Group may invest an additional £1.2 million once further land acquisition milestones have been met. Revenue is due to come on stream by mid-2008.

The developers of this new CFS have a long and successful track record in the CFS and shipping sectors. The Port of Pipavav is owned and operated by the international shipping company Maersk.

Container traffic is measured globally by 20-foot Equivalent Units (TEUs), the standard length of a small container.

In 2006, Pipavav Port handled 82,000 TEUs, and Chennai Port 735,000 TEUs.

NEW TEAM IN MUMBAI

Eredene now has a dedicated team in India. Based in Mumbai, the six-person team is led by Nikhil Naik, who until 2006 was head of P&O Ports India. A former Merchant Navy Captain with an MSc. in Shipping Trade and Finance from London's City University Business School, 46-year-old Nikhil brings specialist skills and a breadth of project experience to Eredene. As head of the South Asia and the Middle East Division of P&O Ports, he led the team which developed and operated three of the largest private container terminals in India. He also represented P&O Ports on numerous government panels and chaired P&O Ports' Special Purpose Vehicles in South Asia. While he was at sea, Captain Naik sailed large tankers and merchant ships in and out of many of the world's major ports.



Nikhil Naik

'NEW TEAM, NEW HORIZONS''

Nikhil's team currently consists of two directors and three analysts in the Mumbai office, and they work in tandem with another senior associate in the London office. The team sources, evaluates and analyses the viability of potential investments in keeping with Eredene's long-term outlook.

"At any one time the team is dealing with between five and eight projects but they are usually at different stages, some are quite advanced, others still some way off," says Nikhil. "We are now looking at a wide range of projects – high quality investments in residential and commercial real estate, logistics, distribution warehouses and port service projects. Our investments in Container Freight Stations are just the sort of areas where we see sustainable growth opportunities in value-added land use close to ports."

"We have a potentially very exciting deal pipeline."

EREDENE'S NEW INVESTMENT PARTNER



In addition to its Project Team, Eredene has an exclusive agreement with an Indian investment partner to source new projects in Eastern India - Apeejay Surrendra Group, the owners of Typhoo Tea and one of India's largest private ship owners (www.apeejaygroup.com). Apeejay Surrendra, founded in 1910, has significant land banks and deal pipelines. Apeejay Surrendra employs close to 42,000 people in rapidly expanding operations in tea, hospitality, shipping, real estate and retail and financial services. The Group's vision is to be India's largest and most profitable privately owned family business by 2010 - the year of its 100th anniversary.

Eredene has the exclusive right of first refusal on certain projects proposed by Apeejay Surrendra in nine states of Eastern India.

INDIA MACRO OVERVIEW

Area	Sq. Km	3.3m
Population	2001 census	1028m
Population growth rate	1991-2001	1.93%
GDP, at real growth rate	2006-07 E	US\$ 700b
GDP growth, at real growth rate	2006-07 E	9.40%
GDP per capita income	2006-07 E	US\$ 548
Inflation rate	Based on Wholesale Price Index	4.27%
Interest rate	Prime Lending Rate (PLR)	12.75% - 13.25%
1 year T-bill	Yield	7.37%
Exchange rate	US\$/INR	INR 39

Source: Reserve Bank of India, Central Statistical Organisation and National Portal of India

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