

# INDIA

EQUITIES FUND LTD

ABN 15 121 415 576 · ASX Code INE  
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ASX RELEASE

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## Special Situations Investment

The Directors of India Equities Fund Ltd (**INE**) announced today the signing of agreements between INE, Banyan Group Pty Ltd and Banyan FM Limited (**Banyan FM**), an Australian based fund manager, under which INE conditionally agrees to invest up to A\$10,000,000 in aggregate representing a 25% interest in Banyan FM's Hotel Development Fund No.1 (**Fund**) and a 10% interest in the share capital of the manager - Banyan FM.

The proposed investment is consistent with the expanded Special Situations Investment mandate, announced by INE on 14 October 2008, allowing investment in unlisted vehicles that satisfy the Company's investment guidelines. This opportunity is consistent with the long term focus of the Company and diversifies our shareholders' exposure to the Indian market.

Banyan FM seeks to exploit opportunities in the unlisted Indian investment market by sourcing and developing assets for an appropriate return on risk. The Fund has acquired an option to obtain a beneficial interest in existing hotel sites in the State of Tamil Nadu including the Asiana Hotel, Chennai, completed in November 2007 (a 5 star business hotel). Banyan FM has an established a partnership with a recognised developer (Chola PM Pte Ltd) and will develop a portfolio of 3 to 5 star hotels built to international standards and typically catering to corporate travelers in CBD locations with recognized commercial and industrial hubs.

Shri Sriharan, an internationally experienced hotelier now based in Chennai, has already established the Asiana Hotel to exploit this opportunity. The Fund has identified a number of prospective development sites to add to its portfolio and these will be considered in due course. The Fund is a closed end fund with a five year project life with an expected project cost value in the order of A\$100 million comprised of equity and debt at which time the underlying assets are expected to be divested.

INE has agreed to contribute, progressively as funds are required, \$6.5 million with a conditional commitment to invest up to a further \$3.5 million with a maximum potential investment of A\$10.0 million in total. Funding of these contributions will commence after Investment Committee approval of specific projects and satisfaction of various conditions including receipt of satisfactory valuation for the initial real estate assets to be acquired by the Fund.

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Contributions are expected to be spread over a three year period. If INE contributes equity worth \$10.0 million this will provide INE with 25% equity participation in the Fund. Based on this commitment INE also negotiated a 10% interest in Banyan FM, along with a Directorship and Investment Committee participation for both Banyan FM and the Fund.

Banyan FM will over time establish further funds in India that INE has a first right to participate in up to a 25% equity interest or A\$10 million (whichever is less).

More detailed information will shortly be posted on [www.indiaequitiesfund.com.au](http://www.indiaequitiesfund.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Licciardo', with a long, sweeping horizontal stroke extending to the right.

Mark Licciardo  
Company Secretary