

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT CONTAINS THE RESOLUTIONS TO BE VOTED ON AT THE COMPANY'S ANNUAL GENERAL MEETING TO BE HELD ON 10 MAY 2012.**

**If you are in any doubt about the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

This document has been prepared in accordance with the United Kingdom Listing Authority Listing Rules and has been vetted by the Financial Services Authority ("FSA") in accordance with Rule 13.2 of the Listing Rules. This document has been approved as a Circular by the FSA.

If you have sold or otherwise transferred all your shares in Highcroft Investments PLC, please hand this document and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of existing shares please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

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# Highcroft Investments PLC

(Incorporated and registered in England and Wales with Company number 224271)

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*Directors:*

John Hewitt\* (Chairman)  
Jonathan Kingerlee (Chief Executive)  
David Kingerlee  
Roberta Miles  
Christopher Clark\*  
Richard Stansfield\*

*Registered Office:*

Thomas House  
Langford Locks  
Kidlington  
Oxfordshire  
OX5 1HR

*\*Non-Executive Director*

4 April 2012

To Shareholders of Highcroft Investments PLC (the "Company")

Dear Sir or Madam

## 1. Annual General Meeting

I am pleased to be writing to you with details of the eighty fourth annual general meeting of the Company, which will be held at the Barceló Oxford Hotel, Godstow Road, Oxford, Oxfordshire, OX2 8AL on Thursday, 10 May 2012 at 12 noon (the "**Annual General Meeting**"). The formal notice of Annual General Meeting is set out on page 4 of this document (the "**Notice**").

I would like to explain to you the ordinary business to be transacted and the resolutions to be proposed at the Annual General Meeting in respect thereof, which are described in Section 2 below and are set out in full in the Notice (the "**Company Resolutions**").

The board of directors of the Company (the "**Board**" or the "**Directors**") consider that the Company Resolutions are in the best interests of the Company and its shareholders as a whole. Accordingly, this letter contains, in Section 6, the unanimous recommendation of the Board that you **VOTE IN FAVOUR** of the Company Resolutions.

In addition, the Board has received a requisition notice dated 16 March 2012 (the "**Requisition**"), expressed to be signed by Michael B Conn and Douglas Conn on behalf of their respective individual and joint shareholdings in the Company with others, and as directors for and on behalf of Country & Commercial Property Investments Limited and 1st Policy Company Limited (together, the "**Requisitioners**"). The Companies Act 2006 requires the Company to circulate the three resolutions contained in the Requisition (the "**Requisitioned Resolutions**") in the same manner as the notice of the Annual General Meeting. Accordingly, the Requisitioned Resolutions are set out in full in the Notice, and the Board's response to the Requisitioned Resolutions is set out in Section 4 below. This letter comprises the explanatory circular to accompany the Notice, as required by Listing Rule 13.8.8.

The Board considers that the Requisitioned Resolutions are not in the best interests of the Company and its shareholders as a whole. Accordingly, this letter contains, in section 6, the Board's unanimous recommendation that you **VOTE AGAINST** the Requisitioned Resolutions.

## 2. **Company Resolutions: Ordinary Business**

The Board has proposed the following Company Resolutions as the ordinary business of the Annual General Meeting. Each of the Company Resolutions will be proposed as ordinary resolutions:

**Resolution 1** is a resolution to receive and consider the report and financial statements of the Company for the year ended 31 December 2011.

**Resolution 2** is a resolution approving a final property income distribution of 18.5p per share on the ordinary shares of the Company for the year ended 31 December 2011, to be paid on 1 June 2012 to shareholders registered on 4 May 2012.

**Resolution 3** is a resolution to approve, on an advisory basis, the remuneration report contained in the annual report including the Company's remuneration policy for Directors and the level of Directors' remuneration disclosed therein.

**Resolution 4** is a resolution to re-elect Richard Stansfield as a director of the Company. In accordance with the UK Corporate Governance Code, non-executive directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. This applies to Richard Stansfield and he offers himself for re-election.

**Resolution 5** is a resolution to re-elect John Hewitt as a director of the Company. In accordance with the UK Corporate Governance Code, non-executive directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. This applies to John Hewitt and he offers himself for re-election.

**Resolution 6** is a resolution to re-elect David Kingerlee as a director of the Company. David Kingerlee is retiring by rotation at the Annual General Meeting in accordance with article 97 of the Company's articles of association.

**Resolution 7** is a resolution to re-elect Christopher Clark as a director of the Company. Christopher Clark retires by rotation at the Annual General Meeting in accordance with article 97 of the Company's articles of association.

**Resolution 8** is a resolution to re-appoint Grant Thornton UK LLP as auditor of the Company.

The full text of each resolution is set out in the Notice on page 4 of this document.

## 3. **Requisitioned Resolutions**

The Requisitioners held or represented at least 5 per cent of the issued share capital of the Company at the time that the Requisition was made. In accordance with the provisions of Section 338 of the Companies Act 2006, the Board is required to give notice of a resolution that is requested by shareholders representing at least 5 per cent of the total voting rights of all of the Company's shareholders.

On previous occasions, the Requisitioners have proposed a number of different resolutions, and the Company has been required to call (at the Company's expense) general meetings of its shareholders at which these resolutions have been moved. On no occasion have shareholders of the Company passed these resolutions.

The Requisition requires the Board to request the shareholders of the Company to consider, and if thought fit, to pass, the Requisitioned Resolutions at the Annual General Meeting. Each of the Requisitioned Resolutions will be proposed as ordinary resolutions. The text of the Requisitioned Resolutions, as set out in the Requisition, is reproduced in full below and in the Notice:

**Resolution A:** THAT in view of the difficulty the Board is having in finding suitable investment properties for the Company to purchase, that the Board should formulate a policy for distributing excess net cash to shareholders in a tax efficient manner.

**Resolution B:** THAT there appears no need for the Company to retain its portfolio of equity investments which should be realised and the proceeds distributed to shareholders in a tax efficient manner.

**Resolution C:** THAT if shareholders do not agree to the Company's equity portfolio being realised as mentioned above that the Board give consideration to the payment of a dividend to shareholders out of the income received from such portfolio.

The Board considers that the Requisitioned Resolutions are not in the best interests of the Company and its shareholders as a whole, and accordingly the Board unanimously recommends that you **VOTE AGAINST THE REQUISITIONED RESOLUTIONS** at the Annual General Meeting.

#### 4. **Board's Response to the Requisitioned Resolutions**

The Board believes that the Requisitioned Resolutions are not in the best interests of the Company and its shareholders as a whole, for the following reasons:

Resolution A is founded on the suppositions that because the Company has bought only two additional properties during the past 16 months and partially as a consequence has retained significant cash balances, that either its policies are incorrect or that the policies have been improperly executed. The Board believes that both conclusions are incorrect. The Company has continued its cautious approach to the acquisition of property, mindful that this approach has served it well in establishing a property portfolio of good quality with low levels of voids and bad debts.

Resolution B relies on the notion that a company might have a 'need' to hold a specific asset, or in this case a specific class of assets. No such need exists per se, however the Company has long believed and articulated in its policies that shareholders' interests are well served by balancing the long term nature of its property investments with the more liquid characteristics of equity investments. The Company has during recent years changed the balance between the two portfolios in favour of property, and does not rule out further changes. The Board is unconvinced by any case that equity investment disposals might fund returns to shareholders, and this stance has been supported by shareholders in voting at previous General Meetings.

Resolution C infers that the Company should be distributing the majority if not all of its net income to shareholders. This is, in the opinion of the Board, contrary to the conventional wisdom applied to managing the balance between a company's distributions to its shareholders and its retained earnings. The former being important because it represents income for shareholders and the later being important because it is one of the mechanisms whereby the asset base of the Company can grow.

#### 5. **Action to be Taken**

Shareholders will find enclosed with this document a Form of Proxy for the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it. The Form of Proxy should be returned to the Company's registrars, Capita Registrars, at their offices at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to arrive not later than 12 noon on 8 May 2012. The completion and return of a Form of Proxy will not preclude you from attending the Annual General Meeting and voting in person should you wish to do so.

#### 6. **Recommendation**

The Board considers that the Company Resolutions are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that you **VOTE IN FAVOUR OF THE COMPANY RESOLUTIONS** at the Annual General Meeting.

The Board considers that the Requisitioned Resolutions are not in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that you **VOTE AGAINST THE REQUISITIONED RESOLUTIONS** at the Annual General Meeting.

The Directors, who have beneficial shareholdings that together amount to 234,406 ordinary shares representing approximately 4.5 per cent of the present issued share capital of the Company, unanimously intend to **VOTE IN FAVOUR OF THE COMPANY RESOLUTIONS** and **VOTE AGAINST THE REQUISITIONED RESOLUTIONS** at the Annual General Meeting.

Yours faithfully

John Hewitt  
*Chairman*

NOTICE OF ANNUAL GENERAL MEETING

# Highcroft Investments PLC

(Incorporated and registered in England and Wales with Company number 224271)

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Notice is hereby given that the eighty fourth Annual General Meeting of Highcroft Investments PLC (the “**Company**”) will be held at the Barceló Oxford Hotel, Godstow Road, Oxford, Oxfordshire, OX2 8AL on Thursday, 10 May 2012 at 12 noon, to consider and, if thought fit, to pass the following resolutions, which will each be proposed as ordinary resolutions:

**Company Resolutions:**

**Resolution 1**

To receive and consider the report and financial statements for the year ended 31 December 2011.

**Resolution 2**

To approve a final property income distribution of 18.5p per share on the ordinary shares of the Company for the year ended 31 December 2011 to be paid on 1 June 2012 to shareholders registered on 4 May 2012.

**Resolution 3**

In accordance with the Companies Act 2006, to approve on an advisory only basis the remuneration report contained in the annual report including the Company’s remuneration policy for directors and the level of directors’ remuneration disclosed therein.

**Resolution 4**

To re-elect Richard Stansfield as a director of the Company.

**Resolution 5**

To re-elect John Hewitt as a director of the Company.

**Resolution 6**

To re-elect David Kingerlee as a director of the Company.

**Resolution 7**

To re-elect Christopher Clark as a director of the Company.

**Resolution 8**

To re-appoint Grant Thornton UK LLP as auditor to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Board to fix the remuneration of the auditor for the ensuing year.

**Requisitioned Resolutions:**

**Resolution A**

THAT in view of the difficulty the Board is having in finding suitable investment properties for the Company to purchase, that the Board should formulate a policy for distributing excess net cash to shareholders in a tax efficient manner.

**Resolution B**

THAT there appears no need for the Company to retain its portfolio of equity investments which should be realised and the proceeds distributed to shareholders in tax efficient manner.

**Resolution C**

THAT if shareholders do not agree to the Company’s equity portfolio being realised as mentioned above that the Board give consideration to the payment of a dividend to shareholders out of the income received from such portfolio.

By Order of the Board

R Miles  
*Company Secretary*  
4 April 2012

Registered Office  
Thomas House  
Langford Locks  
Kidlington  
Oxon  
OX5 1HR

## Notes to the Notice of Annual General Meeting

### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members:
  - 48 hours before the time appointed for the Meeting; or
  - if this Meeting is adjourned, at 12 noon on the day 48 hours prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Members entitled to attend and vote at the Meeting should sign the Attendance Card, bring it along to the meeting on Thursday 10 May 2012 at 12 noon and hand it in upon arrival.

### Appointment of proxies

2. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.

A proxy form which may be used to make this appointment and give proxy instructions accompanies this notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under this "Appointment of proxies" section. Please read the section "Nominated persons" below.

### Changing proxy instructions

3. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Where you have appointed a proxy via the CREST system and would like to change your proxy instruction, please use the method set out in the notes accompanying the proxy form.

Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

### Termination of proxy appointments

4. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars PXS not less than 48 hours before the time appointed for the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### Issued shares and total voting rights

5. As at 12 noon on 30 March 2012 (the latest practicable date prior to publishing this notice), the Company's issued share capital comprised 5,167,240 ordinary shares of 25p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on 30 March 2012 is 5,167,240.

### Website publication of audit concerns

6. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by either:
  - a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company;
  - or
  - at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital,

the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the Meeting.

A member wishing to request publication of such a statement on the Company's website must send the request to the Company using one of the following methods:

- in hard copy form to The Company Secretary, Highcroft Investments PLC, Thomas House, Langford Locks, Kidlington, Oxon, OX5 1HR - the request must be signed by you;
- by e-mail to [office@highcroftplc.com](mailto:office@highcroftplc.com); or
- by fax to 01865 840045 marked for the attention of Roberta Miles.

Whichever form of communication is chosen, the request must:

- either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and
- be received by the Company at least one week before the Meeting.

### **Nominated persons**

7. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):
- you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
  - if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
  - your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

### **Corporate representatives**

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided they do not do so in relation to the same shares.

### **Documents available for inspection**

9. The following documents will be available for inspection at Thomas House, Langford Locks, Langford Lane, Kidlington, Oxford, OX5 1HR from 2 April 2012 until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
- copies of the letters of appointment of the non-executive directors of the Company; and
  - copies of the service contracts of executive directors of the Company.

A copy of this notice and other information required by s311A of the Companies Act 2006 can be found at [www.highcroftplc.com](http://www.highcroftplc.com).

### **Entitlement to ask questions**

10. Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

### **Electronic communications**

11. Except as provided above, members who have general queries about the Meeting should call the Capita Registrars shareholder helpline on 0871 664 0300 (calls cost 10p per minute plus network extras) or, if calling from outside the UK on +44 (0)208 639 3399. The helpline is available between the hours of 9 am to 5.30 pm (UK time) excluding public holidays.

You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

## AGM venue and directions

### Highcroft AGM venue

Barceló Oxford Hotel

Godstow Road

OX2 8AL

Telephone 01865 489988 Fax 01865 489952

e-mail: [oxford@barcelo-hotels.co.uk](mailto:oxford@barcelo-hotels.co.uk)

### FROM THE NORTH, ON THE M40

Take junction 9 off the M40. Take the A34 following the signs for Oxford. At the Peartree Interchange, take the A44 to Cheltenham. Following the signs for the A40, you will find the hotel at the next roundabout, the Wolvercote roundabout. Take the 4th exit from the Wolvercote roundabout and the entrance to the hotel drive is on your right.

### FROM LONDON AND THE SOUTH ON THE M40

Take junction 8 off the M40, following the A40 to Oxford. At the first roundabout, the Headington roundabout, take the third exit signed Ring Road North, A40, The West and Cheltenham. At the next roundabout, the Cutteslowe roundabout, go straight over, following the signs for the A40 Cheltenham and Evesham. At the 3rd roundabout, Wolvercote roundabout, take the 2nd exit signed to Wolvercote and turn right into the hotel drive.

### FROM HENLEY ON THE A423

At the first roundabout (Sainsbury's) turn left. Take left exit at next roundabout. At the next roundabout take a right onto the A34, following the signs for A34 Northbound. Follow the A34 until you come to the Peartree Interchange, follow the signs for A44 to Oxford City Centre. When you come to the next roundabout, the Wolvercote roundabout, take the 4th exit and the hotel entrance drive is situated on the right hand side.

### FROM SWINDON/BRISTOL ON THE A420

At the first major roundabout, take a left onto the A34. At the Peartree Interchange, take the A44 to Oxford. The hotel is situated on the 4th exit at the roundabout, the Wolvercote roundabout.

