

**Highcroft Investments PLC**  
**2015 Annual Report and 2016 AGM Notice**  
**and**  
**Proposed Transfer of Listing Category**



*2015 Annual Report, 2016 AGM Notice*

Highcroft Investments PLC (“Highcroft” or the “Company”) advises that the Annual Report for the year ended 31 December 2015 and the notice, together with an explanatory Circular, convening the Annual General Meeting (the “AGM Circular”) to be held on 12 May 2016 have been posted to shareholders and are available on the Company’s website at: <http://www.highcroftplc.com/>.

Copies of these documents have been submitted to the National Storage Mechanism and will shortly be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM).

*Proposed Transfer of Listing Category*

The AGM Circular contains a resolution to approve the transfer of the listing category of the Company to a “premium listing (commercial company)” from a “premium listing (closed-ended investment fund)” to reflect the Company’s strategy and business (the “Transfer”).

Shareholders should note that the proposed transfer will only change the listing category of the Company in relation to the Listing Rules of the Financial Conduct Authority, and will not affect the Company’s status as a company with a premium listing or as a UK REIT or the trading of its shares on the Main Market of the London Stock Exchange.

Further details of the background to and reasons for the Transfer can be found in this announcement.

**Enquiries:**

Highcroft Investments PLC  
Roberta Miles  
Company Secretary  
Tel: 01865 840 023

Panmure Gordon (UK) Ltd  
Karri Vuori / Fabien Holler / Jonathan Surr  
Tel: 020 7886 2500

### *Background to and reasons for the Transfer of Listing Category*

The AGM Circular contains a special resolution to approve the transfer of the listing category of the Company to a “premium listing (commercial company)” under Chapter 6 of the Listing Rules of the Financial Conduct Authority from a “premium listing (closed-ended investment fund)” under Chapter 15 of the Listing Rules.

The Financial Services Authority (the predecessor to the Financial Conduct Authority (FCA)) made changes to the Listing Rules to introduce the Listing Categories with effect from 6 April 2010 but it has only recently come to the Board’s attention that, with effect from that date, the listing categorisation for the Company’s ordinary shares has been “premium listing (closed-ended investment fund)”.

Both prior to and since 6 April 2010, the Company has conducted itself on the basis that it is a UK REIT operating as a commercial company and not as an investment fund and since that date the Board has managed the Company as a premium equity commercial company so as to comply with Chapter 6 of the Listing Rules.

The Board believes that the Company’s current categorisation is inadequate as it does not reflect its sphere of activity or its strategy as a commercial company. If the Transfer is not approved and the listing category of the Company remains unchanged as a closed-ended investment fund, the Company will not be in a position to fulfil its strategy and will have to take steps to comply fully with Chapter 15 of the Listing Rules which will involve significant changes in its strategy and operations as well as additional regulatory and compliance obligations and costs. We set out below a summary of the key additional requirements which the Company will have to comply with if the Transfer is not approved.

If Shareholders approve the Transfer at the Company’s AGM to be held on 12 May 2016, then the transfer out of the premium listing (investment company) category into a premium listing (commercial company) is expected to take effect on or around 13 June 2016.

### **Key additional requirements for the Company under Chapter 15 of the listing Rules of the Financial Conduct Authority (Closed-ended Investment Funds: Premium listing)**

	<b>Closed-ended investment fund (Chapter 15)</b>	<b>Commercial company (Chapter 6)</b>	<b>Further detail on Highcroft’s strategy</b>
Investment policy	<ul style="list-style-type: none"><li>• Must invest and manage its assets in accordance with its published investment policy</li><li>• Shareholder approval is required for any material alterations to that policy</li><li>• The investment policy must cover asset allocation, risk diversification and gearing, and include maximum exposure</li></ul>	<ul style="list-style-type: none"><li>• Not required for commercial companies</li></ul>	The Company’s strategy and objectives are to enhance shareholder value by managing its properties and equity investments with a view to increase capital value, increase profits and increase dividends. There are no policies in relation to asset allocation, risk diversification and gearing and no maximum exposure.
Spreading investment risk	<ul style="list-style-type: none"><li>• Must invest and manage its assets in a way which is consistent with spreading investment risk</li></ul>	<ul style="list-style-type: none"><li>• Not required for commercial companies</li></ul>	The Company has no requirements that it must spread investment risk and no concentration limits, other than those imposed by the UK REIT regime.
Trading activities	<ul style="list-style-type: none"><li>• Must not conduct any trading activity, which is significant in the context of the company (although trading may be carried out through portfolio companies)</li></ul>	<ul style="list-style-type: none"><li>• Trading can be conducted</li></ul>	The Company is a commercial company and, within the constraints of the UK REIT Regime, trades its properties and equity investments, with regular disposals and

			acquisitions.
Transactions	<ul style="list-style-type: none"> <li>• Can enter into any transaction within the scope of published investment policy, whatever the size</li> </ul>	<ul style="list-style-type: none"> <li>• Subject to Class Tests set out in Chapter 10 of the Listing Rules</li> </ul>	Acquisitions and disposals have been carried out as a commercial company under Chapter 6.
Further issuances of shares	<ul style="list-style-type: none"> <li>• May not issue shares at a discount to net asset value per share unless first offered <i>pro rata</i> to existing shareholders or shareholder approval given</li> </ul>	<ul style="list-style-type: none"> <li>• Listing Rules limit the discount to middle market price to 10% unless by way of a fully pre-emptive rights issue or specific approval given by shareholders</li> <li>• ABI guidelines limit this to 5% for a placing</li> </ul>	The Company intends to follow ABI guidelines in relation to further issuances of shares.
Alternative Investment Fund Managers Directive 2011/61/EU (the "AIFMD")	<ul style="list-style-type: none"> <li>• Applies</li> </ul>	<ul style="list-style-type: none"> <li>• Does not apply: a commercial company is not an AIF</li> </ul>	Should Resolution 11 not be passed, the company would be an alternative investment fund (AIF) and would require FCA authorisation as a small authorised alternative investment fund manager, with an increase in compliance and regulatory costs.
Controlling Shareholders	<ul style="list-style-type: none"> <li>• Does not apply</li> </ul>	<ul style="list-style-type: none"> <li>• Applies</li> </ul>	The Company has a controlling shareholder agreement and complies fully with the relevant rules.