

RNS Number : 6800Y

Highcroft Investments PLC

04 January 2024

4 January 2024

Highcroft Investments PLC

("Highcroft" or the "Company")

Proposed Cancellation of Listing of Ordinary Shares from the Official List

and

Proposed Admission of the Ordinary Shares to the TISE Official List

The Company announces the proposed cancellation of listing of the Ordinary Shares on the premium listing segment of the Official List (the "**Cancellation**"), and the proposed admission of the Ordinary Shares to the TISE Official List (the "**Admission**", together the "**Proposal**").

The Directors have undertaken a review to evaluate the benefits and drawbacks to the Company and Shareholders of retaining the listing of the Ordinary Shares on the premium listing segment of the Official List. In parallel, the Directors have conducted a review of the proposed admission of the Ordinary Shares to the TISE Official List. This review has included, among other matters, the impact on Shareholders, the lack of trading liquidity in the Ordinary Shares, the requirement, as a REIT, for the Company to be publicly listed, and the regulatory and financial burden of maintaining a public listing on the Main Market. Given the matters referred to above and following careful consideration, the Directors believe that the Proposal is in the best interests of the Company and its Shareholders as a whole. A detailed explanation of the reasons outlined above is set out in the Appendix to this announcement.

Pursuant to Listing Rule 5.2.5, the Cancellation is subject to Shareholder approval and accordingly, a circular will be sent to Shareholders and made available on the Company's website later today, setting out the background to and reasons for the Proposal (the "**Circular**"). The Circular will contain a notice convening a general meeting (the "**General Meeting**") at which Shareholders will be invited to consider and, if thought fit, pass the requisite shareholder resolution to approve the Proposal (the "**Resolution**"). Extracts of the Circular can be found in the Appendix to this announcement.

The Resolution will be proposed as a special resolution to approve the Cancellation and to authorise the Directors to apply for TISE Admission and must be approved by: (i) a majority of at least 75 per cent. of votes cast by Shareholders (in person or by proxy) at the General Meeting (the "**First Voting Threshold**"); and (ii) as a company with a "controlling shareholder" (as defined in the Listing Rules), more than 50 per cent. of votes cast by Independent Shareholders (in person or by proxy) at the General Meeting (the "**Second Voting Threshold**"). As at today's date, the Company has received irrevocable undertakings from certain shareholders representing approximately 50.0 per cent. of the Company's voting rights and issued share capital, to vote in favour of the Resolution (with approximately 33.5 per cent. of such votes counting only towards the First Voting Threshold and remainder counting both towards the First Voting Threshold and the Second Voting Threshold).

The General Meeting will be held at held at 2.00 p.m. on Monday 22 January 2024 at the offices of Singer Capital Markets at 1 Bartholomew Lane, London, EC2N 2AX.

A copy of the Circular will be made available later today on the Company's website at <https://www.highcroftplc.com/>

Capitalised terms in this announcement (including in the Appendix to this announcement) shall have the meanings given to them in the Circular, unless otherwise defined in this announcement or the context otherwise requires).

Expected timetable of principal events⁽¹⁾

Event	2024
Publication of the Circular	4 January
Latest time and date for receipt of completed proxy appointments	2.00p.m. on 18 January
Record time and date for entitlement to vote at the General Meeting	8.00p.m. on 18 January
Time and date of General Meeting	2.00p.m. on 22 January
Last day of dealings in the Ordinary Shares on the Main Market	19 February
Admission of, and commencement of dealings in, the Ordinary Shares on TISE	8.00a.m. on 19 February
Cancellation of the listing of the Ordinary Shares from the Official List becomes effective	8.00a.m. on 20 February

¹All times referred to are London times. Each of the above dates and times is based on the Company's expectations as at the date of this announcement. If any of the above times and/or dates change, the revised times and/or dates will be posted to Shareholders by an announcement through the Regulatory Information Service.

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Appendix - Extracts from the Circular

1. INFORMATION ON HIGHCROFT

Highcroft is an internally managed UK REIT with a focus on commercial property in England and Wales. The Company has a diverse portfolio of 22 properties generating rental income from 28 tenancies spread across the warehouse, retail warehouse, leisure, office and retail sectors.

Highcroft's purpose is to provide its tenants with quality properties, in good locations, enabling them to succeed, and for stakeholders to benefit on a long-term, sustainable basis. The Company aims to deliver sustainable long-term income and capital growth through accretive asset management initiatives and recycling of capital in its regionally based property portfolio.

A REIT is exempt from corporation tax on qualifying income and gains of its property rental business provided that various conditions are met. A REIT remains subject to corporation tax on non-exempt income and gains. REITs must distribute at least 90 per cent. of their income profits from their tax-exempt property rentals business by way of dividend, known as "**Property Income Distribution**".

2. BACKGROUND TO AND REASONS FOR THE DELISTING AND TISE ADMISSION

The Directors have undertaken a review to evaluate the benefits and drawbacks to the Company and Shareholders of retaining the listing of the Ordinary Shares on the premium listing segment of the Official List. In parallel, the Directors have conducted a review of the proposed admission of the Ordinary Shares to the TISE Official List. This review has included, among other matters, the impact on Shareholders, the lack of trading liquidity in the Ordinary Shares,

the requirement, as a REIT, for the Company to be publicly listed, and the regulatory and financial burden of maintaining a public listing on the Main Market. Specifically, the Directors have considered the following points in relation to the Company's current listing of the Ordinary Shares on the Official List:

(a) the Company has two separate Concert Parties which, when combined, account for approximately 65 per cent. of its current issued share capital. The Kingerlee Concert Party and the Conn Concert Party hold approximately 41 per cent. and 24 per cent. of the Company's current issued share capital, respectively. The major shareholdings of the Concert Parties have contributed to the limited trading liquidity in the Ordinary Shares for some time. As a result, the Directors do not believe that the Company's issued share capital and small market capitalisation provides sufficient liquidity and opportunity to trade in meaningful volumes or with sufficient frequency to create an active market in the Ordinary Shares on the Main Market. The Company does not have any institutional Shareholders, which the Directors believe further compounds the limited trading liquidity. The Company believes it is unlikely to attract new institutional shareholders by remaining on the Official List and there is no negative impact in this regard of moving to TISE; and

(b) the Directors believe that the considerable current, and likely future increased, cost, management time and the legal and regulatory burden associated with maintaining the Ordinary Shares admission to listing on the Official List and to trading on the Main Market significantly outweighs the benefits of continued admission. Given the lower costs and less onerous regulatory environment associated with trading on TISE, the Directors believe that the Delisting and TISE Admission will materially reduce the Company's recurring administrative and adviser expenses, whilst allowing an enhanced focus on achieving operational and strategic goals.

Given the matters referred to above and following careful consideration, the Directors believe that the Delisting and TISE Admission are appropriate for the following reasons:

- (a) the Company will continue to be a UK-registered and UK-based company;
- (b) the Company will continue to be a UK REIT paying Property Income Distributions in accordance with all applicable laws relating to REIT Property Income Distributions;
- (c) TISE is a global exchange, internationally recognised and a regulated market which is located conveniently in the British Isles;
- (d) TISE is the second largest market for all listed UK REITs; and
- (e) the regulatory environment of TISE is such that it would allow the Company, if appropriate, to issue new shares to new investors to raise capital for growth or to implement a share buyback programme to improve the trading liquidity of the Company's issued share capital more cost effectively than on the Main Market, where the costs of such activities outweigh the benefits.

Future strategy

The Board's strategy will remain to:

- (a) protect the capital base of the Company by investing in good quality real estate assets that generate long term income;
- (b) increase Property Income Distributions to Shareholders;

- (c) keep the Company's cost base to a minimum; and
- (d) maintain high standards of ethics and governance.

Summary

For the reasons set out above, the Directors have concluded that TISE is a more appropriate market for the Company at this point in time and that the Delisting and TISE Admission is in the best interests of the Company and its Shareholders.

Accordingly, if the Resolution is passed by Shareholders (on the date on which the General Meeting is originally convened), TISE Admission is expected to take place on 19 February 2024 and the Delisting on 20 February 2024.

The Board has consulted with certain of the Company's largest Shareholders in connection with the Delisting and TISE Admission and has received certain irrevocable undertakings to vote in favour of the Resolution (please see paragraph 5 below for further details).

Further information on the Delisting and TISE Admission is set out in Part II of the Circular.

3. CONSEQUENCES AND RISKS ASSOCIATED WITH DELISTING FROM THE OFFICIAL LIST AND TISE ADMISSION

Following TISE Admission, the Company will be subject to the TISE Listing Rules. Shareholders should note that the protections afforded to investors in TISE companies are in some respects less rigorous than those afforded to investors in companies whose shares are listed on the premium segment of the Official List. The regulatory and financial reporting regime applicable to companies whose shares are listed on the Official List will no longer apply and the levels of disclosure and corporate governance within the Company may not be as stringent as for a company listed on the Official List. This paragraph sets out further detailed information on the consequences and risks associated with the Delisting.

While for the most part the obligations of a company whose shares are traded on TISE are similar to those of companies whose shares are listed on the premium segment of the Official List, there are certain exceptions. Examples of these areas of similarity and difference are provided below:

- Under the Listing Rules, a company is required to appoint a 'sponsor' for the purposes of certain corporate transactions. The responsibilities of the sponsor include providing assurance to the FCA, when required, that the responsibilities of the listed company have been met. The TISE Listing Rules require that a company retains a TISE sponsor at all times. The TISE sponsor is responsible to TISEA for advising and guiding a TISE company on its responsibilities under the TISE Listing Rules, must be approved by TISEA to act in that capacity and has ongoing responsibilities to both the Company and TISEA. The TISE Listing Rules require a TISE listed company to seek advice from its TISE sponsor regarding its compliance with the TISE Listing Rules and to take that advice into account. Conditional on TISE Admission, the Company has appointed Appleby as its TISE sponsor.

- Under the TISE Listing Rules (and similar to the Listing Rules), prior shareholder approval is required for: (i) reverse takeovers (being an acquisition or acquisitions in a 12 month period

which would exceed 100 per cent. in various class tests; (ii) acquisitions, which would exceed 15 per cent. in various class tests, that are not already approved in advance by all shareholders in accordance with the issuer's constitutional documents; (iii) disposals which, when aggregated with any other disposals over the previous 12 months, would result in a material change of business (being disposals that exceed 75 per cent. in various class tests); or (iv) transactions with a related party, which would exceed five per cent. in various class tests, that are not already approved in advance by all shareholders in accordance with the issuer's constitutional documents. The TISE Listing Rules require a circular to be sent to shareholders in relation to the transactions described in (i) to (iv) above, albeit the content requirements for such circulars under the TISE Listing Rules are less detailed than under the Listing Rules and do not require the approval of TISEA prior to publication (certain circulars published under the Listing Rules require prior approval by the FCA).

- There is no requirement under the TISE Listing Rules for a prospectus or a listing document to be published for further issues of a class of listed securities, except when seeking admission for a new class of securities, or in connection with a reverse takeover (as defined above), or as otherwise required by law.
- Unlike the Listing Rules, the TISE Listing Rules do not specify any required structures or discount limits in relation to further issues of securities.
- The Company has a controlling shareholder (as defined in the Listing Rules and under the TISE Listing Rules) but will no longer be required to enter into: (i) a relationship agreement with the Kingerlee Concert Party as a controlling shareholder (or, for that matter, any other such shareholder); or (ii) comply with the independence provisions required by the Listing Rules. The Company and the Kingerlee Concert Party have agreed to maintain the existing relationship agreement in place from admission to TISE.
- In common with a company whose shares are admitted to trading on the premium segment of the Official List, a company listed on TISE has to maintain a minimum of 25 per cent. of its issued ordinary share capital in public hands (except in certain limited circumstances).
- The regime in relation to dealing in own securities and treasury shares on TISE has similarities to the Listing Rules, including restrictions on the timing of dealings and requirements relating to notification, price, shareholder approval or tender offers. It is highlighted that the levels of disclosure may not be as stringent under the TISE Listing Rules as for a company whose shares are admitted to trading on the premium segment of the Official List.
- Companies with a listing on the premium segment of the Official List may only cancel their listing with the approval of 75 per cent. of the voted shares and, if the company has a controlling

shareholder, must also secure the approval of a majority of the voting independent shareholders (other than in certain limited circumstances). Under the TISE Listing Rules, a TISE company does not require shareholder consent to cancel admission of its securities to TISE.

- The Company is currently required to comply with the UK Corporate Governance Code or explain areas of non-compliance. It is not mandatory for companies whose shares are admitted to trading on TISE to comply with this code. The Board recognises, however, the importance of high standards of corporate governance and, if TISE Admission becomes effective, intends to comply, insofar as possible for a company of its size and nature, with the provisions of the QCA Code as described in paragraph 8 of this document.

- The Disclosure Guidance and Transparency Rules will no longer apply to the Company following TISE Admission. This is because TISE is not a regulated market for the purposes of the EU's securities directives. The Company will, however, be required to notify TISEA and publish an announcement on the website of TISE relating to changes to the person(s) who, directly or indirectly, hold or control three per cent. or more of the Ordinary Shares (excluding treasury shares) or of the votes to be cast on all matters at general meetings of the Company.

- Investor guidelines (such as those issued by the Investment Association, the Pensions and Lifetime Savings Association and the Pre-Emption Group), which provide guidance on issues such as executive compensation and share-based remuneration, corporate governance, share capital management and the issue and allotment of shares on a pre-emptive or non-pre-emptive basis, do not directly apply to companies whose shares are admitted to trading on TISE.

- The requirement under section 439A of the Companies Act to submit a remuneration policy for a binding vote by shareholders is only applicable to quoted companies listed on the Main Market. A company whose shares are traded on TISE is not subject to the same obligation to submit its remuneration policy to a binding vote of shareholders.

- There can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, will be maintained following TISE Admission. Additionally, the future success of TISE and liquidity in the market for the Company's shares cannot be guaranteed. Potential investors and Shareholders should be aware that the value and any income from the Ordinary Shares can go down as well as up and that investment in securities which are traded on TISE might be less realisable and might carry a higher risk than a security listed on the Official List.

- Singer Capital Markets will cease to be financial adviser and broker to the Company at the point the Company of Delisting.

It is emphasised that the Delisting and TISE Admission will have no impact on the assets and liabilities of the Company (save in respect of the fees for the production of this document and

TISE Admission) and it will continue to have the same business and operations following TISE Admission.

4. IRREVOCABLE UNDERTAKINGS TO VOTE

The Company has received irrevocable undertakings to vote (or procure a vote) in favour of the Resolution from:

(a) Shareholders who are beneficially interested, in aggregate, 1,744,390 Ordinary Shares (representing approximately 33.5 per cent. of the Ordinary Shares as at 29 December 2023, being the latest practicable date prior to the publication of this document) to vote in favour of the Resolution. All such Shareholders' votes will count only towards the First Voting Threshold; and

(b) Shareholders (in addition to those under paragraph (a)) who are beneficially interested, in aggregate, 859,426 Ordinary Shares (representing approximately 16.5 per cent. of the Ordinary Shares as at 29 December 2023, being the latest practicable date prior to the publication of this document) to vote in favour of the Resolution. All such Shareholders' votes will count both towards the First Voting Threshold and the Second Voting Threshold.

5. DELISTING AND TISE ADMISSION

Conditional on the Resolution being approved by the requisite majorities of Shareholders at the General Meeting, the Company will apply to cancel the listing of the Ordinary Shares on the Official List and their admission to trading on the Main Market and give 20 Business Days' notice to the London Stock Exchange of its intention to delist. It is currently anticipated that, subject to the passing of the Resolution by the requisite majorities:

(a) TISE Admission will take place at 8.00 a.m. on 19 February 2024;

(b) the last day of dealings in the Ordinary Shares on the Main Market will be 19 February 2024; and

(c) the Delisting will take effect at 8.00 a.m. on 20 February 2024, being not less than 20 Business Days from the date of the General Meeting.

Although TISE Admission is planned to take place at 8.00 a.m. on 19 February 2024, TISE Admission is subject to final approval of TISEA, and there is no guarantee that TISEA will approve TISE Admission on the intended date, and there is no assurance that TISE Admission will occur or that such TISE listing will be maintained.

6. APPLICATION OF THE TAKEOVER CODE

The Takeover Code applies to all companies which have registered offices in the United Kingdom, the Channel Islands, or the Isle of Man, if any of their equity share capital or other transferable securities carrying voting rights are admitted to trading on a regulated market or multilateral trading facility in the United Kingdom or on any exchange in the Channel Islands or the Isle of Man.

If the Delisting and TISE Admission is approved by Shareholders at the General Meeting, the Company will remain subject to the Takeover Code as it will remain a public company incorporated and registered in England and Wales with its registered offices in the UK and, its

securities admitted to and trading on an exchange in the Channel Islands. As a result, the protections that are afforded to Shareholders under the Takeover Code will remain applicable to the Company.

Under the Takeover Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate interests of the acquirer and its concert parties to 30 per cent. or more of the voting rights in the Company, the acquirer and its concert parties would be required to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for interests in Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered when, except with the consent of the Panel, any person (together with persons acting in concert with that person) who is interested in Ordinary Shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with that person) acquires any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in which he is interested.

The Kingerlee Concert Party has an interest in approximately 41 per cent. of the Company's current issued share capital. If members of the Kingerlee Concert Party acquire any further interest in Ordinary Shares, such acquisition will, subject to Panel consent, result in an obligation under Rule 9 of the Takeover Code upon the Kingerlee Concert Party to make a general offer for the remaining Ordinary Shares not already held by the Kingerlee Concert Party, at a price not less than the highest price paid by any member of the Kingerlee Concert Party for any Ordinary Shares in the previous 12 months.

7. CORPORATE GOVERNANCE

The Board recognises the value of good corporate governance and envisages no significant alteration in the standards of governance which the Group has always achieved. It will maintain its existing governance framework which includes the key mechanisms through which the Company sets strategy, plans its objectives and monitors performance and risk management. As the Company will no longer be listed on the premium listing segment of the Official List, it will no longer need to comply with the UK Corporate Governance Code.

The TISE Listing Rules require issuers to adhere to certain principles, including being responsible for following any applicable recognised code of corporate governance. Following TISE Admission, the Company intends to comply, insofar as possible for a company of its size and nature, with the provisions of the QCA Code. The Board believes the QCA Code offers a flexible, yet rigorous approach to support the Company as the business evolves.

8. TAXATION

The Company has taken tax advice to confirm the proposed Delisting and TISE Admission would not affect the Company's REIT status and has disclosed the proposed Delisting and TISE Admission to HMRC.

The Company will therefore remain a UK REIT for tax purposes and will continue to comply with all applicable laws. As such, distributions to shareholders will be made, as in the past, as Property Income Distributions.

Shareholders are urged to consult their own independent professional adviser regarding the tax consequences of Delisting and TISE Admission.

9. GENERAL MEETING

The Delisting is conditional on the passing of the Resolution at the General Meeting by the requisite majorities. A notice convening a general meeting of the Company to be held at 2.00 p.m. on Monday 22 January 2024 at the offices of Singer Capital Markets at 1 Bartholomew Lane, London EC2N 2AX is set out at the end of this document.

The Resolution will be proposed as a special resolution to approve the Delisting and to authorise the Directors to apply for TISE Admission.

The Resolution will be voted on by way of a poll (and not on a show of hands). The Board believes a poll is more representative of Shareholders' voting intentions because Shareholders' votes are counted according to the number of Ordinary Shares held and all votes tendered are taken into account. This will also assist in ensuring that only those votes cast (in person or by proxy) by Independent Shareholders are counted towards the Second Voting Threshold. The results of the poll vote held at the General Meeting will be published on the Company's website and will be released via a Regulatory Information Service as soon as practicable following the close of the General Meeting.

Shareholders are encouraged to take the recommended action before the General Meeting (as set out below), which includes appointing a proxy whether online, via a CREST Proxy Instruction or by a hard copy form of proxy in accordance with the instructions in this document.

The Board strongly urges all Shareholders to vote by proxy on the Resolution as early as possible and recommends that Shareholders appoint the chair of the General Meeting as their proxy.

10. RECOMMENDATION

The Board considers that cancelling the listing of the Ordinary Shares on the Official List and trading on the Main Market and applying for admission to listing on the TISE Official List and trading on TISE is, in the Board's opinion, in the best interests of the Shareholders as a whole.

Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting.

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