



## **News Release**

## **Hirco plc**

**February 2, 2009**

### **Status of Merger Proposals**

### **Clarification of Dividend Policy**

LONDON – Further to the adjournment of an extraordinary general meeting relating to the proposed merger (the 'Merger') announced on 19 December 2008, in the light of shareholder consultation the Board of Hirco plc (AIM:HRCO) announces as follows:

#### **Status of Merger**

The Board confirms that the Merger will not now become effective as proposed: the 28 day statutory merger period required under the local laws of the Merger entities cannot now recommence and complete in the remaining period prior to the Merger long-stop date of 28 February 2009. Accordingly, the Board does not intend to reconvene the extraordinary general meeting adjourned on 16 January 2009.

#### **Dividend Policy**

Since the Merger was announced, the Board has been liaising further with shareholders to assess their views. From those discussions, a clear desire has emerged for clarification of the dividend policy of Hirco plc. The Board is happy to confirm that, subject only to Hirco plc's own working capital requirements, it is committed to Hirco plc paying dividends equivalent to any cash flows it receives from the Hiranandani Investment Companies, as soon as reasonably practicable following receipt. The Board recognises that this is a priority for Hirco shareholders.

Discussions with key shareholders will continue on the future direction of the Company. The independent directors of Hirco remain committed to working with Hiranandani as Hirco's joint venture partner, together with Hirco's nominated adviser, in this respect.

**For further information please contact:**

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**Notes:**

Hirco plc is an investment vehicle that invests in India with Hiranandani, India's largest developer of prestigious mixed-use townships for the country's increasingly affluent middle class. Its modern, large-scale developments – combining high-quality residential, commercial and retail components with green space and social and recreational facilities – are strategically located in suburban areas outside major city centres.

Hirco plc's primary source of cash is from the payment of dividends and returns of capital on its preference share investment in the Investment Companies set up and controlled by the Hiranandani family to effect the relevant development projects. Hirco plc and its directors do not control the Investment Companies but Hirco benefits from joint venture undertakings to fund the preference share dividends in the light of profits available for distribution and cash excess to requirements. Access to such resources is necessarily a function of project requirements, amongst other things, and the Investment Companies' determination in the light of prevailing circumstances throughout the development process.

Hirco plc shares are traded on the London Stock Exchange's AIM market under the symbol HRCO. At the time of its admission to trading on AIM in December 2006, Hirco plc was the largest-ever real estate investment company IPO on the AIM and that year's largest IPO on the AIM.

For additional information about Hirco, including the Company's Annual Report and Accounts for the period ended 30 September 2007, please visit [www.hirco.com](http://www.hirco.com).