



News Release

Hirco PLC ("Hirco" or the "Company")

March 13th, 2009

Circular and Notice of Requisitioned EGM

LONDON – Hirco PLC (AIM:HRCO), the AIM quoted company that has invested in Hiranandani township developments in both Chennai and Panvel, announces that it posted yesterday to its Shareholders a circular (the 'Circular') including a notice of an Extraordinary General Meeting, requisitioned by Credit Suisse on behalf of Laxey. The Board considers the Laxey Resolutions run directly against the interests of the Company, are misguided and unanimously recommend that Shareholders vote against all of the Resolutions.

Commenting, Douglas Gardner, Independent Director of Hirco, noted:

"The Board considers that the Laxey Resolutions are misguided and not in the interests of all shareholders. The Board remain fully confident of the underlying inherent value of the Company's Participating Preference Shares investments in the Current Development Projects and firmly believe in the prospects for the Company. The Company will continue to work to demonstrate more fully this underlying value to both Shareholders and the market."

Introduction

On 20 February 2009 the Company received a requisition to convene an extraordinary general meeting, under section 113 of the Isle of Man Companies Act 1931, from Credit Suisse, as holder of approximately 10.05 per cent. of the Company's Shares. Credit Suisse made the requisition acting as custodian to Laxey Partners Limited.

The Laxey requisition is that the Resolutions are put to Shareholders at the EGM. In summary, these are proposals:

- a) to remove Niranjan Hiranandani, David Burton and Nigel McGowan as Directors of the Company;
- b) to appoint Andrew Pegge, Michael Haxby, John Bourbon and Aled Rhys-Jones as Directors of the Company ('the Proposed Nominees'); and

- c) that the Directors of the Company are urged to consider appointing a Director of the Company who is independent of the Hiranandani family to act as Chairman.

The Notice of EGM is set out in the Circular. The Board understands from Shareholders that a number have custodian arrangements which necessitate instructions two to three weeks before proxy deadlines. The EGM date has accordingly been set for 6 May 2009 to avoid cut-off times being inconvenient over the Easter period. The details of the Proposed Nominees as provided by Laxey are set out in the Appendix to the Circular.

The Board considers the Laxey proposals run directly against the interests of the Company: Hirco has from the very beginning been structured to maximise long-term returns from close and sustained co-operation with the Hiranandani family and its development projects.

Background

Since its IPO, Hirco has diligently pursued its stated investment strategy and has achieved the following:

- it has invested circa £350.8 million into large-scale, mixed-use township developments in India; and
- its published NAV per Share has increased from 474 pence as at 13 December 2006 to 712 pence per Share as at 30 September 2008.

The Current Development Projects in Mumbai and Chennai in which Hirco holds its Participating Preference Share investments have delivered robust sales rates and increasing sales prices per square foot, reflecting, in the Board's view, the quality of the developments and the value added by the Hiranandani brand. Progress will be further illustrated by Hirco's Annual Report for the financial year ended 30 September 2008 which will be mailed to Shareholders shortly.

Despite this significant progress, the Company's Share price, 52 pence per Share as at 10 March 2009, represents a significant discount to NAV per Share (as at 30 September 2008). Such a discount is not out of line with other comparable companies in the Indian real estate sector; however, the Board continues to believe that Hirco has positive distinguishing features that set it apart from other AIM-quoted companies focused on Indian real estate. It is therefore disappointed by this trading discount and has for some time been seeking ways to address this for the benefit of all Shareholders.

In pursuance of this aim, a proposed merger was announced on 19 December 2008, the benefits of which were considered by the independent Directors to include: the creation of an integrated development company; enhanced operational control; clear alignment of interest between Hirco and Hiranandani; greater transparency into the underlying development operations; full exposure to development returns; recognition of current underlying NAV in consideration; renewal and expansion of the exclusive Hiranandani

relationship; simplification of a complex share structure; strengthening of the Enlarged Group's earnings; and a significant increase in Hirco's asset base.

Discussions continue with Shareholders on ways to address the gap between the Hirco Share price and the published NAV per Share.

Laxey acquired an interest in 6.07 per cent of the Company in July 2008 and in October began to agitate for change. The Board believes Laxey has demonstrated a lack of understanding of Hirco's Participating Preference Share investment structure and that its strategy is misconceived given current market conditions.

The Board considers that the Laxey proposals are not in the Company's best interests and are misguided for the following reasons:

Laxey is destabilising Hirco at the very time its links with Hiranandani are the most important

- Current market conditions are driving a flight to quality in the real estate market. Hirco, through Hiranandani, stands to benefit markedly relative to its peers in light of the strength of the Hiranandani brand and the proven quality of the product that it is delivering.
- The Laxey proposals therefore risk depriving Hirco of its key distinguishing proposition: namely that in Niranjan Hiranandani it has an recognised industry leader at its helm with the motivation and capability to capitalise on testing times.

Laxey has misunderstood the Hirco structure

- Since its inception, Hirco has been structured as a preference share investor in Hiranandani development projects, with majority Board independence to resolve on any dealings with Hiranandani. It believes that Laxey, as a more recent investor, has failed to appreciate that the Company neither owns nor controls the Current Development Projects.
- A change in the Board's composition would not change the rights of the Board to exert influence over these development projects nor provide a means for activist strategies used by Laxey.

Laxey has failed to demonstrate any strategy to enhance Shareholder value

- The Laxey proposals do not address the significant discount at which the Company's Shares trade to NAV per Share.
- Laxey has not set out any clear, differentiated future strategy by which its Proposed Nominees would enhance Shareholder return.
- In fact, following Laxey's letter to Shareholders of 6 January 2009 and the QVT public announcement on 5 January 2009 (QVT is a substantial investor in Laxey

funds), the Hirco Share price has declined by more than 30 per cent.

- The Board believes that not one of the Proposed Nominees is independent of Laxey

The Laxey proposals could irreparably harm the return profile for Hirco investors

- The ability to service the Participating Preference Shares and return value to Shareholders is necessarily a function of the performance of the Current Development Projects.
- The success in pre-sale activity at the project level directly correlates to the strength of the Hiranandani brand – which has been built up over 25 years of development work in India.
- As well as enjoying a leading reputation in Indian real estate development, the Hiranandani brand brings with it excellent relationships with governmental and regulatory authorities and greatly assists the ability of the projects to source and maintain lines of credit.
- The disquiet that Laxey is creating is already having a detrimental impact on the confidence of potential purchasers of units in the Current Development Projects. The Board considers Shareholders in Hirco will only suffer from the destructive effect of the insinuations and proposals made by Laxey.
- Removal of Niranjana Hiranandani, whether as a Director or as Chairman, would adversely impact the Hiranandani brand. The Board considers that this impact would be clearly detrimental to the performance of the Current Development Projects and consequent returns for Hirco investors.

Hirco is not a suitable target for short-termist strategies used by Laxey

- Investors in the Company who have properly appreciated Hirco's investment structure and dependencies will know that the Current Development Projects in Chennai and Panvel have life-spans of between 7-8 years each.
- Any implication that a change in Board control would bring the ability to change the developer or development plans for existing projects is misconceived: Hirco's preference share interest does not give such power.

Laxey has misrepresented the checks and balances in Hirco's structured Board arrangements

- Hirco's value is inextricably (both legally and commercially) tied to the Current Development Projects and to Hiranandani as developer. Investor value is therefore driven by Hiranandani project performance.
- The Hirco Participating Preference Share arrangements work to incentivise Hiranandani, as owners of the projects, to return value to Hirco Shareholders. Hiranandani is only able to achieve returns on its investments after Hirco receives

value.

- The AIM Rules and the Hirco investment committee procedures prescribe a rigorous basis on which transactions between Hirco and Hiranandani have always to receive unanimous approval from the independent Directors, in consultation with the Company's nominated adviser and after detailed consultation with the Company's valuers and legal advisers.
- Through its proposals, Laxey would therefore gain a concentration of board members but no extra scope for driving Shareholder returns. The resulting situation would be an unworkable relationship with Hiranandani, Hirco's development partner.

The Board consider that the Laxey proposals are:

- damaging to the Company;
- completely contrary to the best interests of Shareholders; and
- motivated entirely by the ambitions of a Shareholder with a misplaced strategy for this Company.

Given these irreconcilable differences of opinion, were any of the Resolutions passed at the EGM, it is the current intention of all the remaining Directors to resign from the Board.

The Board's proposals

Hirco's dialogue with shareholders has been ongoing since IPO. Discussion has increased and is continuing in the light of the merger proposals, the Laxey and QVT public announcements, and the Resolutions proposed by Laxey. Shareholders should note:

- Niranjani Hiranandani brings a wealth of Indian real estate experience, which has been built up over 25 years and is invaluable to both the Company and the prospects of the Current Development Projects.
- The Board is dedicated to working hard to generate and protect Shareholder value for ALL investors. Unlike many AIM-quoted real estate funds, the underlying holdings of the Company offer a branding and hallmark of quality which often attracts a premium price to those of its peer group (as is evidenced by the reported sale figures). The Board, therefore, remains confident of securing the medium to long-term Shareholder value described at the time of the Company's IPO.
- In February 2009 the Board clarified Hirco's future dividend policy, stating 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".

- In line with the model documentation cemented into Hirco's structure at IPO, the Investment Companies for each project are contractually obliged from time to time, where available profits permit, to declare such dividends as are necessary to permit lawful and prompt payment of the preference dividends on the Participating Preference Shares.
- In addition to the contractual obligations of its project vehicles, the Participating Preference Share investment structure incentivises Hiranandani to generate good returns in as short a timeframe as possible.

The Company has previously stated its aspiration, both at IPO and in conjunction with the merger proposals, to move to the Official List of the London Stock Exchange in due course. The Board will undertake a programme to seek a further experienced director, to act as an independent Senior Non-Executive Director (an advance adoption of a Combined Code on Corporate Governance provision for companies listed on the Official List). The identity of such a person and the incremental value he/she might bring would be discussed with key Shareholders before nomination to the Board.

The Board continues its dialogue with Shareholders and seeks opportunities to create Shareholder value by more closely correlating market capitalisation to the Company's NAV reflecting the underlying valuation of the Current Development Projects and the Company's Participating Preference Shares. The Directors remain fully confident of the underlying inherent value of the Company's Participating Preference Shares investment in the holding companies in respect of the Current Development Projects and firmly believe in the prospects for the Company. The Company will continue to work to demonstrate more fully this underlying value to both Shareholders and the market.

Recommendation

The Directors believe that the Resolutions are against the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommend that Shareholders **vote against all of the Resolutions**, as they have irrevocably agreed to do in respect of their beneficial holdings, which amount in aggregate to 2,581,984 Shares (representing approximately 3.37 per cent. of the existing share capital of the Company).

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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 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 was the largest-ever real estate investment company IPO on the AIM and that year's largest IPO on 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.

SCHEDULE**DEFINITIONS**

Terms set out in this announcement should be taken to have the same meaning as in the Circular; unless the context otherwise requires, the expressions set out below bear the following meanings:

"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the rules of the London Stock Exchange for AIM companies and their nominated advisers governing admission to and the operation of AIM
"Board"	the board of directors of Hirco
"Credit Suisse"	Credit Suisse Client Nominees (UK) Limited, One Cabot Square, London, E14 4OJ
"Current Development Projects"	the development projects at Chennai and Panvel in which Hirco has to date made Participating Preference Share investments
"Directors" or "Board"	the directors or the board of directors, as the case may be, of Hirco
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of shareholders of Hirco, notice of which is set out in the Circular
"Hiranandani"	Niranjan Hiranandani, Kamal Hiranandani, Priya Hiranandani and Darshan Hiranandani, and entities controlled by them
"Hirco" or "the Company"	Hirco plc, a company incorporated in the Isle of Man with registered number 118221C and, where the context requires, its direct and indirect subsidiaries
"Investment Companies"	the companies set up by Hiranandani to act as holding companies for the Current Development Projects
"IPO"	the Company's initial public offering on 13 December 2006
"Laxey"	Laxey Partners Limited, an entity incorporated in the Isle of Man
"London Stock Exchange"	London Stock Exchange plc
"NAV"	net asset value
"Participating Preference Shares"	the participating preference shares held in each of the Investment Companies by Hirco Mauritius.

"QVT"	QVT Financial LP, 1177 Avenue of the Americas, 9th Floor, New York, NY 10036
"Resolutions"	the resolutions to be proposed at the Extraordinary General Meeting in the form set out in the Circular
"Shareholders"	holders of the Shares
"Shares"	the ordinary shares of £0.01 each in the capital of Hirco
"£" or "sterling" or "pound" or "penny" or "pence"	the lawful currency of the UK