

Highcroft Investments PLC

Interim Management Statement in respect of the period 1 July 2014 to 4 November 2014

5 November 2014

The board of Highcroft Investments PLC today approved the following statement in respect of the current trading period which will end on 31 December 2014.

Property Portfolio

As announced in July and August of this year, the group acquired two new high quality investment properties in Ash Vale (Aldershot) and Crawley in the second half of the current financial year, for a total consideration of £6.1m. These modern properties were purchased with strong covenants and long unexpired terms on the leases, this continues the board's strategy of identifying properties in the market that sits between private investors and larger corporate property investors.

The board also made the decision to sell, at auction in July, the shop let to Superdrug in Beckenham which achieved a figure of 17.6% in excess of its June 2014 valuation. Additionally, certain residential ground rents have been sold in the period for £51,000. There is currently one vacant unit in the portfolio, in Cirencester, as a consequence of Phones 4u going into administration. Initial interest from a prospective tenant has already been expressed and marketing of the unit has commenced. We are concentrating our efforts on two other high street properties with lease expiries. In both cases terms have been agreed with new tenants and we are hopeful that there will be no voids in these units.

Highcroft continues to look for properties which provide secure income as well as the potential to increase value. The board also looks for opportunities to rationalise the existing portfolio to enable the average lot size to be increased, which in turn will create efficiencies in management. Although the group is well positioned to increase borrowing no further gearing has been added to the portfolio, however this is continually under review to enable us to take advantage of any potential opportunities.

Equity Portfolio and Financial position

Our equity portfolio was valued at £4.6m at 3 November 2014 having continued to perform in line with the relevant benchmarks of the FTSE 100 and the All-Share Indices this year. During the period we have disposed of a small proportion of our equity portfolio realising £0.5m.

At 3 November 2014 our cash balance was £1.1m and our medium term loans were £4.0m. The financial position of the group remains sound.

Outlook

The board believes that the current strong property investment market will continue for the immediate future. We will look to invest in quality properties biased towards the south of England where we think we can enhance value and maintain a long-term income stream.

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