

22 August 2014

**Highcroft Investments PLC**

Interim Report for the six months ended 30 June 2014

**Key highlights**

- Net rental income increased 17% to £1,412,000 (2013 £1,206,000)
- Operating profit from revenue activities up 88% to £2,143,000 (2013 £1,139,000)
- Total earnings per share rose 167% to 85.7p (2013 32.0p)
- Realised gains on investment property of £736,000 (2013 £nil)
- Net valuation gains on investment property of £2,435,000 (2013 £15,000)
- Net assets per share of 886p (June 2013 770p, Dec 2013 821p)
- Interim property income distribution up 6% to 13.25p (2013 12.50p)
- Since the period end a freehold retail warehouse has been purchased for £3,125,000 net of costs

Dear Shareholder,

I am pleased to report that in the six months ended 30 June 2014, rental income, operating profits and net asset value have all increased. In recognition of this, we are continuing our long-established policy of raising dividends ahead of inflation.

**Results for the period**

**Property:** Gross rental income has risen by 18% and net rental income by 17%. These increases result primarily from the rental income from our Bicester and Cardiff properties purchased in the second half of 2013, net of the rental income foregone from the sale of our Reigate and Petersfield properties at the end of 2013 and our Bristol property in April 2014. Property expenses continued to remain low as there were only a small number of lease events in progress. We have no void units and are actively managing lease events to minimise costs and voids and maximise yield. During the period we sold our multi-let office building in Bristol for a gain of £742,000 on the year-end valuation and one vacant residential unit for a loss of £4,000 on the year-end valuation. Our period end valuation showed a gain of 6% on a like for like basis. This arose from lease events together with an improving market and is a reflection of the strength and quality of our portfolio. After the period end there have been a number of property transactions. We completed the purchase of a freehold retail warehouse in Ash Vale, Aldershot, let to Buildspan, for a consideration of £3,125,000 net of costs. The initial yield, lease length and good covenant enhances and complements our portfolio. We completed the sale of our Beckenham property that was sold at auction in July for a consideration of £1,000,000, an uplift of £150,000 on the year-end valuation. In addition we sold the ground rental income on two residential properties for £51,000.

**Equities:** Dividend income from our equity portfolio increased to £154,000 (2013 £110,000) due to the effect of a one-off special income distribution of £64,000 arising from the demerger of our Vodafone holding. We have made no disposals from our equity portfolio during the period and have made modest purchases totalling £51,000. The net loss on valuation of £63,000 in the half year is a reflection of the market remaining at the same level at the beginning and end of the period coupled with the effect of the Vodafone demerger. After the period end we have disposed of a small proportion of our equities realising £302,000.

**Financial:** Total earnings per share rose by 167% to 85.7p (2013 32.0p). This increase resulted from the growth in net rental income of £206,000 coupled with the realised gains on investment property of £736,000 (2013 £nil) and the net valuation gains on investment property of £2,435,000 (2013 £15,000).

The cash position at 30 June 2014 increased to £5,863,000 (2013 £4,586,000) partially due to the sale of properties referred to above. Since the period end this has been augmented by the proceeds of the disposal of Beckenham and reduced by the purchase of our Ash Vale, Aldershot property for £3,125,000 net of costs. We have taken no new borrowings and our medium term loans total £4,000,000.

At the date of this report our cash balance is £3,700,000.

#### Dividend

I am pleased to report that we will be paying an interim property income distribution of 13.25p (2013 12.50p) per share, payable on 17 October 2014 to shareholders registered on 19 September 2014.

#### Outlook

As a consequence of our post period end property transactions we expect to be able to report an increase in gross rental income in the second half of our financial year. Profits on capital activities are likely to moderate in the second half of the year, as the growth in commercial property valuations is unlikely to continue at the same rate as witnessed in the first six months of the year.

After the sharp rise in activity and prices in the commercial property market over the last 12 months, we anticipate that there may now be something of a pause in the light of economic and political uncertainties. Given our financial strength (cash, liquid equity holdings and low gearing levels) we hope this will provide further opportunity for us to continue to improve the quality, lease profile and yield of our property portfolio. While we remain cautious about the outlook for medium term interest rates, suitable buying opportunities may lead us to alter the equity/property balance and to consider other forms of financing including increasing gearing.

John Hewitt  
Chairman  
22 August 2014

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Highcroft Investments PLC

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Condensed consolidated interim statement of comprehensive income (unaudited)  
for the six months ended 30 June 2014

		Unaudited			Unaudited			Audited		
		First half 2014			First half 2013			Full year 2013		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Continuing operations</b>										
Gross rental income		1,482	-	1,482	1,258	-	1,258	2,731	-	2,731
Property operating expenses		(70)	-	(70)	(52)	-	(52)	(151)	-	(151)
<b>Net rental income</b>		<b>1,412</b>	<b>-</b>	<b>1,412</b>	<b>1,206</b>	<b>-</b>	<b>1,206</b>	<b>2,580</b>	<b>-</b>	<b>2,580</b>
Realised gains on investment property		736	-	736	-	-	-	415	-	415

		Unaudited			Unaudited			Audited		
		First half 2014			First half 2013			Full year 2013		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investment property		-	-	-	-	-	-	-	-	-
<b>Net gain on disposal of investment property</b>		<b>736</b>	<b>-</b>	<b>736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415</b>	<b>-</b>	<b>415</b>
Valuation gains on investment property		-	<b>2,585</b>	<b>2,585</b>	-	335	335	-	1,833	1,833
Valuation losses on investment property		-	<b>(150)</b>	<b>(150)</b>	-	(320)	(320)	-	(590)	(590)
<b>Net valuation gains on investment property</b>		<b>-</b>	<b>2,435</b>	<b>2,435</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>1,243</b>	<b>1,243</b>
Dividend income		<b>154</b>	<b>-</b>	<b>154</b>	110	-	110	234	-	234
Gains on investments		-	<b>236</b>	<b>236</b>	-	568	568	-	832	832
Losses on investments		-	<b>(299)</b>	<b>(299)</b>	-	(132)	(132)	-	(63)	(63)
<b>Net investment income/(loss)</b>		<b>154</b>	<b>(63)</b>	<b>91</b>	110	436	546	234	769	1,003
<b>Administrative expenses</b>		<b>(159)</b>	<b>-</b>	<b>(159)</b>	<b>(177)</b>	<b>-</b>	<b>(177)</b>	<b>(345)</b>	<b>-</b>	<b>(345)</b>
<b>Operating profit before net financing costs</b>		<b>2,143</b>	<b>2,372</b>	<b>4,515</b>	<b>1,139</b>	<b>451</b>	<b>1,590</b>	<b>2,884</b>	<b>2,012</b>	<b>4,896</b>
Finance income		<b>6</b>	<b>-</b>	<b>6</b>	5	-	5	7	-	7
Finance expenses		<b>(88)</b>	<b>-</b>	<b>(88)</b>	-	-	-	(61)	-	(61)
<b>Net finance costs</b>		<b>(82)</b>	<b>-</b>	<b>(82)</b>	5	-	5	(54)	-	(54)
<b>Profit before tax</b>		<b>2,061</b>	<b>2,372</b>	<b>4,433</b>	<b>1,144</b>	<b>451</b>	<b>1,595</b>	<b>2,830</b>	<b>2,012</b>	<b>4,842</b>
Income tax (expense)/credit	4	-	<b>(5)</b>	<b>(5)</b>	88	(29)	59	91	(77)	14
<b>Total profit and comprehensive income for the financial period</b>		<b>2,061</b>	<b>2,367</b>	<b>4,428</b>	<b>1,232</b>	<b>422</b>	<b>1,654</b>	<b>2,921</b>	<b>1,935</b>	<b>4,856</b>
<b>Basic and diluted earnings per share</b>	6	<b>39.9p</b>	<b>45.8p</b>	<b>85.7p</b>	23.9p	8.1p	32.0p	56.5p	37.5p	94.0p

Condensed consolidated interim statement of financial position (unaudited)  
as at 30 June 2014

	Note	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
<b>Assets</b>				
Investment property	7	<b>40,076</b>	31,624	39,415
Equity investments	8	<b>5,216</b>	4,872	5,227
<b>Total non-current assets</b>		<b>45,292</b>	36,496	44,642

	Note	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
<b>Current assets</b>				
Trade and other receivables		390	369	422
Cash at bank and in hand		5,863	4,586	3,128
<b>Total current assets</b>		<b>6,253</b>	<b>4,955</b>	<b>3,550</b>
<b>Total assets</b>		<b>51,545</b>	<b>41,451</b>	<b>48,192</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current corporation tax		5	-	-
Trade and other payables		1,178	1,019	1,160
<b>Total current liabilities</b>		<b>1,183</b>	<b>1,019</b>	<b>1,160</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	9	4,000	-	4,000
Deferred tax liabilities		604	560	604
<b>Total non-current liabilities</b>		<b>4,604</b>	<b>560</b>	<b>4,604</b>
<b>Total liabilities</b>		<b>5,787</b>	<b>1,579</b>	<b>5,764</b>
<b>Net assets</b>		<b>45,758</b>	<b>39,872</b>	<b>42,428</b>
<b>Equity</b>				
Issued share capital		1,292	1,292	1,292
Revaluation reserve - property		9,938	7,265	7,353
Revaluation reserve - other		1,932	1,704	1,972
Capital redemption reserve		95	95	95
Realised capital reserve		24,220	22,829	24,220
Retained earnings		8,281	6,687	7,496
<b>Total equity</b>		<b>45,758</b>	<b>39,872</b>	<b>42,428</b>

Condensed consolidated interim statement of  
changes in equity

for the six months ended 30 June 2014

**a) First half 2014 - Unaudited**

	Equity £'000	Revaluation reserves		Capital redemption £'000	Realised capital £'000	Retained earnings £'000	Total £'000
		Property £'000	Other £'000				
<b>At 1 January 2014</b>	1,292	7,353	1,972	95	24,220	7,496	42,428
Dividends	-	-	-	-	-	(1,098)	(1,098)
Reserve transfers:							
Non-distributable items recognised in income statement:							
Revaluation gains and losses	-	2,435	(63)	-	-	(2,372)	-

		Revaluation reserves		Capital redemption	Realised capital	Retained earnings	Total
	Equity £'000	Property £'000	Other £'000	£'000	£'000	£'000	£'000
Tax on revaluation gains/(losses)	-	-	-	-	-	-	-
Realised gains	-	-	-	-	-	-	-
(Surplus)/deficit attributable to assets sold	-	-	-	-	-	-	-
Excess of cost over revalued amount taken to retained earnings	-	150	23	-	-	(173)	-
Transactions with owners	-	2,585	(40)	-	-	(3,643)	(1,098)
Profit and total comprehensive income for the period	-	-	-	-	-	4,428	4,428
<b>At 30 June 2014</b>	<b>1,292</b>	<b>9,938</b>	<b>1,932</b>	<b>95</b>	<b>24,220</b>	<b>8,281</b>	<b>45,758</b>

**b) First half 2013 - Unaudited**

		Revaluation reserves		Capital redemption	Realised capital	Retained earnings	Total
	Equity £'000	Property £'000	Other £'000	£'000	£'000	£'000	£'000
At 1 January 2013	1,292	7,050	1,746	95	22,366	6,692	39,241
Dividends	-	-	-	-	-	(1,023)	(1,023)
Reserve transfers:							
Non-distributable items recognised in income statement:							
Revaluation gains/(losses)	-	15	267	-	-	(282)	-
Tax on revaluation gains and losses	-	-	-	-	-	-	-
Realised gains	-	-	-	-	130	(130)	-
(Surplus)/deficit attributable to assets sold	-	-	(333)	-	333	-	-
Excess of cost over revalued amount taken to retained earnings	-	200	24	-	-	(224)	-
Transactions with owners	-	215	(42)	-	463	(1,659)	(1,023)
Profit and total comprehensive income for the period	-	-	-	-	-	1,654	1,654
<b>At 30 June 2013</b>	<b>1,292</b>	<b>7,265</b>	<b>1,704</b>	<b>95</b>	<b>22,829</b>	<b>6,687</b>	<b>39,872</b>

Condensed consolidated interim statement of changes in equity continued

for the six months ended 30 June 2014

**c) Full year 2013 - Audited**

		Revaluation reserves		Capital redemption	Realised capital	Retained earnings	Total
	Equity £'000	Property £'000	Other £'000	£'000	£'000	£'000	£'000
At 1 January 2013	1,292	7,050	1,746	95	22,366	6,692	39,241
Dividends	-	-	-	-	-	(1,669)	(1,669)
Reserve transfers:							
Non-distributable items recognised in income statement:							
Revaluation gains	-	1,243	610	-	-	(1,853)	-

		Revaluation reserves		Capital redemption	Realised capital	Retained earnings	Total
	Equity £'000	Property £'000	Other £'000	£'000	£'000	£'000	£'000
Tax on revaluation gains and losses	-	-	(43)	-	-	43	-
Realised gains	-	-	-	-	527	(527)	-
(Surplus)/deficit attributable to assets sold	-	(986)	(341)	-	1,327	-	-
Excess of cost over revalued amount taken to retained earnings	-	46	-	-	-	(46)	-
Transactions with owners	-	303	226	-	1,854	(4,052)	(1,669)
Profit and total comprehensive income for the period	-	-	-	-	-	4,856	4,856
At 31 December 2013	1,292	7,353	1,972	95	24,220	7,496	42,428

Condensed consolidated interim statement  
of cash flows

for the six months ended 30 June 2014

	Unaudited First half 2014 £'000	Unaudited First half 2013 £'000	Audited Full year 2013 £'000
<b>Operating activities</b>			
Profit for the period	4,428	1,654	4,856
Adjustments for:			
Net valuation gains on investment property	(2,435)	(15)	(1,243)
Gain on disposal of investment property	(736)	-	(415)
Net losses/(gains) on investments	63	(436)	(769)
Finance income	(6)	(5)	(7)
Finance expense	88	-	61
Income tax expense/(credit)	5	(59)	(14)
<b>Operating cash flow before changes in working capital and provisions</b>	<b>1,407</b>	<b>1,139</b>	<b>2,469</b>
Increase in trade and other receivables	32	(115)	(168)
Increase in trade and other payables	18	19	126
<b>Cash generated from operations</b>	<b>1,457</b>	<b>1,043</b>	<b>2,427</b>
Finance income	6	5	7
Finance expense	(88)	-	(27)
Income tax received	-	10	7
<b>Net cash flows from operating activities</b>	<b>1,375</b>	<b>1,058</b>	<b>2,414</b>
<b>Investing activities</b>			
Purchase of fixed assets - investment property	-	-	(8,488)
- equity investments	(52)	(20)	(125)
Sale of fixed assets - investment property	2,510	-	2,340
- equity investments	-	1,297	1,382
<b>Net cash flows from investing activities</b>	<b>2,458</b>	<b>1,277</b>	<b>(4,891)</b>
<b>Financing activities</b>			
New bank borrowings	-	-	4,000

	<b>Unaudited First half 2014 £'000</b>	Unaudited First half 2013 £'000	Audited Full year 2013 £'000
Dividends paid	(1,098)	(1,023)	(1,669)
<b>Net cash flows from financing activities</b>	<b>(1,098)</b>	<b>(1,023)</b>	<b>2,331</b>
Net increase/(decrease) in cash and cash equivalents	<b>2,735</b>	1,312	(146)
Cash and cash equivalents at 1 January 2014	<b>3,128</b>	3,274	3,274
<b>Cash and cash equivalents at 30 June 2014</b>	<b>5,863</b>	4,586	3,128

#### Notes (Unaudited)

for the six months ended 30 June 2014

#### 1. Nature of operations and general information

Highcroft Investments PLC ('Highcroft') and its subsidiary's (together 'the group') principal activities are investment in property and equities. It is incorporated and domiciled in Great Britain. The address of Highcroft Investments PLC's registered office, which is also its principal place of business, is Thomas House, Langford Locks, Kidlington, OX5 1HR. Highcroft's condensed consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the group. These condensed consolidated interim financial statements have been approved for issue by the directors on 21 August 2014. The financial information for the period ended 30 June 2014 set out in this interim report does not constitute statutory accounts as defined in Section 404 of the Companies Act 2006. The group's statutory financial statements for the year ended 31 December 2013 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(5) of the Companies Act 2006.

#### 2. Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2014. They have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group for the year ended 31 December 2013.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and the measurement of equity investments at fair value. These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2013.

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these condensed consolidated interim financial statements.

#### 3. Segment reporting

Segmental information is presented in the condensed consolidated interim financial statements in respect of the group's business segments. The business segment reporting format reflects the group's management and internal reporting structure. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All gross income is from external tenants or external investments.

The group is comprised of the following main business segments:

Commercial property comprising retail outlets, offices, warehouses and retail warehouses.

Residential property comprising single and multi-let houses and a multi-occupied block of flats.

Financial assets comprising exchange-traded equity investments.

#### 3. Segment reporting continued

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
<b>Commercial property</b>			

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Gross income	<b>1,461</b>	1,237	2,691
Profit/(loss) for the period	<b>4,209</b>	917	3,633
Assets	<b>44,924</b>	35,172	41,397
Liabilities	<b>4,963</b>	818	5,012
<b>Residential property</b>			
Gross income	<b>21</b>	21	40
Profit for the period	<b>148</b>	148	236
Assets	<b>1,401</b>	1,402	1,482
Liabilities	<b>2</b>	2	-
<b>Financial assets</b>			
Gross income	<b>154</b>	110	233
Profit/(loss) for the period	<b>70</b>	589	987
Assets	<b>5,220</b>	4,877	5,313
Liabilities	<b>813</b>	759	751
<b>Total</b>			
Gross income	<b>1,636</b>	1,368	2,964
Profit for the period	<b>4,427</b>	1,654	4,856
Assets	<b>51,545</b>	41,451	48,192
Liabilities	<b>5,778</b>	1,579	5,763

No tenant represented more than 10% of gross commercial property income.

#### 4. Income tax expense/(credit)

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Current tax:			
On revenue profits	-	(88)	(82)
On capital profits	-	87	34
Prior year under/(over)provision	<b>5</b>	(9)	(9)
	<b>5</b>	(10)	(57)
Deferred tax	-	(49)	43
	<b>5</b>	(59)	(14)

The taxation charge has been based on the estimated effective tax rate for the full year. As a Real Estate Investment Trust the group does not pay corporation tax on its profits and gains from its commercial and residential property activities.

#### 5. Dividends

On 22 August 2014, the directors declared a property income dividend of 13.25p per share (2013 12.50p interim dividend) payable on 17 October 2014 to shareholders registered at 19 September 2014.

The following property income distributions have been paid by the company:

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
2013 final: 21.25p per ordinary share (2012 final 19.8p)	<b>1,098</b>	1,023	1,023
2013 interim: 12.5p per ordinary share	-	-	646
	<b>1,098</b>	1,023	1,669

#### 6. Earnings per share



The calculation of earnings per share is based on the profit for the period of £4,428,000 (2013 £1,654,000) and on 5,167,240 shares (2013 5,167,240) which is the weighted average number of shares in issue during the period ended

30 June 2014 and throughout the period since 1 January 2013.

In order to draw attention to the impact of valuation gains and losses which are included in the income statement but not available for distribution under the company's articles of association, an adjusted earnings per share based on the profit available for distribution of £2,061,000 (2013 £1,232,000) has been calculated.

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Earnings:			
Basic earnings	<b>4,428</b>	1,654	4,856
Adjustments for:			
Net valuation profits on investment property	<b>(2,435)</b>	(15)	(1,243)
Gains and losses on investments	<b>63</b>	(436)	(769)
Income tax on gains and losses	<b>5</b>	29	77
Adjusted earnings	<b>2,061</b>	1,232	2,921
Per share amount:			
Basic earnings per share	<b>85.7p</b>	32.0p	94.0p
Adjustments for:			
Net valuation gains on investment property	<b>(47.1)p</b>	(0.3)p	(24.1)p
Gains and losses on investments	<b>1.2p</b>	(8.4)p	(14.9)p
Income tax on gains and losses	<b>0.1p</b>	0.6p	1.5p
Adjusted earnings per share	<b>39.9p</b>	23.9p	56.5p

## 7. Investment property

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Valuation at 1 January 2014	<b>39,415</b>	31,609	31,609
Additions	-	-	8,488
Disposals	<b>(1,775)</b>	-	(1,925)
Gain on revaluation	<b>2,436</b>	15	1,243
Valuation at 30 June 2014	<b>40,076</b>	31,624	39,415

The directors have used an external independent valuation of properties at 30 June 2014 which has been carried out consistently with the annual valuation.

## 8. Equity investments

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Valuation at 1 January 2014	<b>5,227</b>	5,713	5,713
Additions	<b>52</b>	20	127
Disposals	-	(1,128)	(1,236)
(Deficit)/surplus on revaluation in excess of cost	<b>(40)</b>	291	610
Revaluation decrease below cost	<b>(25)</b>	(24)	(4)

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Revaluation increase still below cost	2	-	17
Valuation at 30 June 2014	<b>5,216</b>	4,872	5,227

#### 9. Interest bearing loans

	<b>First half 2014 £'000</b>	First half 2013 £'000	Full year 2013 £'000
Medium term loans	<b>4,000</b>	-	4,000
The medium term bank loans comprise amounts falling due as follows:			
Over five years	<b>4,000</b>	-	4,000

#### 10. Related party transactions

Kingerlee Holdings Limited owns, through its wholly owned subsidiaries, 25.5% (2013 25.4%) of the company's shares and D H Kingerlee is a director of both the company and Kingerlee Holdings Limited.

During the period, the group made purchases from Kingerlee Holdings Limited or its subsidiaries, being a service charge in relation to services at Thomas House, Kidlington of £7,000 (2013 £7,000). The amount owed at 30 June 2014 was nil (2013 nil). All transactions were undertaken on an arm's length basis.

#### 11. Events after the reporting date

On 21 July 2014 the group exchanged and completed on the purchase of a freehold warehouse investment in Ash Vale, Aldershot. The property comprises a warehouse constructed in 2001 and provides approximately 24,853 sq ft on a site of 1.5 acres (0.61 hectares) representing a site cover of 35%. The property is let in its entirety to Buildspan Limited, a wholly owned subsidiary of Sheffield Insulation Group, for a term of years expiring in 2027 at a current rent of £225,000 per annum. The purchase price was £3,125,000 representing a net yield of 6.8%. The acquisition was made from cash resources.

On 31 July 2014 the group completed on the sale of its Beckenham property for £1,000,000, an uplift of £150,000 on the year-end valuation.

In addition, after the period end the ground rental income on two residential properties has been sold for a total consideration of £51,000.

#### 12. Net assets per share

	<b>First half 2014</b>	First half 2013	Full year 2013
Net assets	<b>£45,758,000</b>	£39,872,000	£42,428,000
Ordinary shares in issue	<b>5,167,240</b>	5,167,240	5,167,240
Basic net assets per share	<b>886p</b>	770p	821p

#### Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, this condensed consolidated set of half-year financial statements has been prepared in accordance with IAS 34. The half-year management report includes a fair review of the information required by 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority, namely:

- an indication of the important events that have occurred during the first six months of the financial year ending 31 December 2014 and their impact on the condensed consolidated set

of half-year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- disclosure of material related party transactions in the first six months of the financial year, and any material changes in the related party transactions described in the last Annual Report.

A list of current directors is maintained on the Highcroft Investments PLC website:  
[www.highcroftplc.com](http://www.highcroftplc.com).

By order of the board

John Hewitt

*Chairman*

22 August 2014

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