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Highcroft Investments PLC
15 November 2013

Highcroft Investments PLC

Interim Management Statement in respect of the period 1 July 2013 to 14 November 2013

The board of Highcroft Investments PLC today approved the following statement in respect of the current trading period which will end on 31 December 2013.

Property Portfolio

As announced previously, the Company acquired two new high quality investment properties in Bicester and Cardiff in the second half of the current financial year, for a total net consideration of £8.05m. These properties were bought at attractive yields and with strong covenants. These acquisitions highlight the Board's strategy of identifying properties in the potentially very attractive market that sits between private investors and larger corporate property investors. The Board also made the decision to put two of our smaller commercial investments to auction in December. This strategy is intended to take advantage of the improving property market and Highcroft's strong financial position by gradually changing the shape of the Company's property portfolio to enhance yields, improve the portfolio balance and increase the average lot size. Furthermore, where appropriate, the Board is seeking to enhance shareholder returns through a limited introduction of gearing to the portfolio.

The Cardiff property acquisition, currently yielding 13.02%, which was reported to the Stock Exchange on 8 November, is expected to complete on 22 November.

Work continues elsewhere in the portfolio with the renegotiation of leases and on rent reviews. We expect these to be satisfactorily concluded despite market pressures in some areas. Our one vacant residential unit remains on the market and we continue to review our remaining small residential portfolio to determine if strategic rationalisation may improve shareholder returns and generate cash to reinvest in line with the Board's strategy.

Equity Portfolio and Financial position

Our equity portfolio was valued at £5.2m at 13 November 2013 having continued marginally to outperform the relevant benchmarks of the FTSE 100 and the All-Share Indices this year. Our cash balance of £0.8m at 13 November 2013 will, together with a new fixed rate loan of £1.5m from Svenska Handelsbanken, be used to fund the completion of the Cardiff acquisition. Our net bank borrowings at 13 November 2013 are £2.5m, they will be £4.0m on 22 November 2013, upon completion of our Cardiff acquisition, and our total facility is up to £5.0m. The financial position of the group remains sound.

Outlook

The Board believes that the property market within which we operate is enjoying a period of confidence that it has not seen for several years and that further investment opportunities should arise to increase shareholder return and value. The Board will continue to evaluate all options so as to ensure that it remains well positioned both operationally and financially to take advantage of these opportunities.

For further information, contact:

Highcroft Investments PLC

John Hewitt / Roberta Miles 01865 840023

Charles Stanley Securities

Dugald J. Carlean / Karri Vuori 0207 149 6000

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