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Highcroft Investments PLC
28 June 2013

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Commercial Property Investment

The Board is pleased to announce that Rodenhurst Estates Limited (the property owning subsidiary of Highcroft Investments PLC) has today agreed the purchase of a property located in Launton Road, Bicester, Oxfordshire from Friends Life Limited. The property consists of a single retail warehouse unit with external garden sales area, service yard and customer parking, let to Wickes Building Supplies Limited with an unexpired lease term of 17 years and 3 months.

The consideration of £5,700,000 net of costs has been funded out of the group's own cash resources, proceeds from disposals made from the group's equity investment portfolio along with some bank debt. The current rent is £371,853 per annum representing an initial yield of 6.17%.

Commenting on the acquisition Property Director Simon Gill said: "The purchase of the Wickes Unit in Bicester represents another important shift of balance within our property portfolio by further diluting the company's historic exposure to the high street retail sector. The Wickes covenant sits comfortably alongside those of the recently acquired properties let to IKEA, Jewsons and Booker, while the long lease enhances our weighted average of unexpired lease terms, being the important measure of the certainty of the income produced by our property investments".

Jonathan Kingeree, Chief Executive added: "This is also the first time for many years that the company has invested in property at the expense of the equity portfolio. Although this does not undermine our long held strategy of balancing the medium term and fixed nature of property investments with the short-term and liquid character provided by equity investments, this shift of funds between these two asset classes will boost the company's net yield. Disposals from the equity portfolio were made prior to the recent decline in market sentiment, and therefore took advantage of the strong performance in indices earlier in the year".

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