

Highcroft Investments PLC

Interim Management Statement in respect of the period 1 July 2012 to 16 November 2012

The board of Highcroft Investments PLC today approved the following statement in respect of the current trading period which will end on 31 December 2012.

Property Portfolio

Since the commencement of the second half we have made some important changes to the property portfolio intended to enhance yields, improve average unexpired lease terms and strengthen the profile of tenant covenants.

The sale of Willow House in Victoria for a net cash consideration of £4.90m was completed on 10 August 2012, generating a surplus of around £1.50m on the valuation at 31 December 2011. The majority of the cash proceeds have now been reinvested by way of two separate acquisitions of industrial lots in the South East. On 22 August 2012 a unit in Bedford let to Booker plc with an unexpired lease term of almost 15 years was purchased for £1.86m net of costs at an initial yield of 8.1%. On 5 November 2012 a unit in Milton Keynes let to IKEA Limited with an unexpired lease term of over 7 years was purchased for £2.70m net of costs at an initial yield of 9.1%, rising to 9.9% in 2015 as a result of a fixed rent increase.

Taken together these three transactions alone will raise gross income from the property portfolio by around £167k over a full year and along with the earlier purchases of industrial units in Warwick and Andover and the Yeovil disposal represent a significant shift in the balance of the portfolio away from the specific challenges of the High Street towards the potentially more predictable prospects in the industrial sector.

We are also encouraged by the re-gearing of two retail leases in High Street, Oxford which together will increase the gross income from these lots by £72k per annum. Additionally, during the period the company commenced a planned programme of refurbishment works to certain residential properties, the first of which will involve the expenditure of approximately £30k.

Equity Portfolio and Financial position

Our equity portfolio was valued at £5.6m at 15 November 2012 having marginally outperformed the relevant benchmarks of the FTSE 100 and the All-Share Indices this year. Our financial position is sound with cash balances of £2.6m at 15 November 2012.

Outlook

Although the continuing uncertain economic times are reason to be cautious, we have the capacity to invest if suitable opportunities arise, so as to further enhance the spread, size and quality of our property portfolio in the longer term.

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