

Palace eyes other acquisitions after PIH buy

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Palace Capital managing director Neil Sinclair has revealed the AIM-listed commercial real estate company is eyeing several potential deals following the Stock Exchange announcement this morning of a conditional agreement for the £32m acquisition of Property Investment Holdings (PIH).

Sinclair told *Property Week*: "We are eyeing one or two and want to be in position that if we can agree them we can just go in and buy them and we don't have to worry about bank finance.

"It's not big money. They are things complimentary to our portfolio which have become available."

These included the purchase of the Sequel portfolio last October from Quintain Estates & Development and Buckingham Properties for £39.2m.

Sinclair was commenting after the announcement that Palace would issue up to £3.65m through the issue of 6,451,612 shares at 310p, arranged by Arden and Allenby, to raise about £20m to part-finance the acquisition and to provide extra capital to exploit further opportunities.

Palace would also repay £27.74m PIH owed to Royal Bank of Scotland and Lloyds Banking Group as part of the deal for PIH, which has a portfolio of 17 properties, predominantly in the South East.

Palace would also assume other liabilities to bring the total amount payable to £32m, according to the announcement.

The level of the placing represents an approximate 6.8% per cent discount to yesterday's closing middle market price of 332.5p a share.

Gross annual income from PIH properties is £2.5m and net initial yield is 7.35% (7.8% gross) allowing for vacant properties.

Palace said it saw the potential to enhance the value of the PIH properties through active management to reduce irrecoverable outgoings and increase rental income.

Sinclair said: "The board is confident that there are many opportunities to unlock significant value from these properties that will benefit our shareholders."

Market capitalisation on completion of the acquisition at the placing price will be £62.5m at the issue price.

NatWest will provide a new £16m banking facility.

Dealings in the new shares are expected to start on Aim on 27 August.

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