

# Progressive Property & Construction Daily



17 May 2024: LAND, BBOX, FPO, SOHO | Fortnight ahead

A round-up of market statements, news, economics and views from the property and construction sectors

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## Company news

### Land Securities Group (LAND, 690p, £5,140m mkt cap)

Leading UK commercial property investment, development and management group. FY (Mar) results. EPR earnings -5.6%, £371m; loss before tax, £341m (FY 23, -£622m); EPRA EPS -5.6%, 50.1p; divs +2.6%, 39.6p; IFRS net assets, £6,447m (£7,072m); EPRA TNAVPS, 859p (936p); net debt, £3,517m (£3,287m); LTV, 35.0% (31.7%); portfolio valuation -2.7%, £9,963m. *Trading:* “Our continued operational outperformance, with rising occupancy and positive rental uplifts in retail and London, is driving robust like-for-like rental income growth and demonstrates the importance of owning and operating the best-in-class real estate. Around 80% of our portfolio is now invested in 12 places with significant scarcity value, where our competitive advantages in shaping and curating these places mean we expect like-for-like rents to continue to grow.” Portfolio – 62% of portfolio in Central London; 18% major retail destinations, 7% mixed-use urban, 12% (“subscale, planned for divestment over time”). Investment – £225m assets disposed at 1% discount to Mar 23 book value; £136m of acquisitions and £220m of development capex. Portfolio valuation – the impact of rising rates principally affected H1, as yields remained flat in the final quarter and c. 60% of the portfolio was effectively stable in value in H2. *Outlook:* “Following a reset of values over the past two years driven by rising interest rates, the stabilisation in rates and evidence of continued rental growth is starting to attract increased investor interest for the best assets. Around 60% of our portfolio already showed stable values in the second half and overall yields were largely stable in the final quarter. The quality and return prospects of our portfolio are further bolstered by our strong balance sheet. After a period of proactive capital recycling, most recently with over

£600m of non-core assets sold in the past seven months, we have meaningful capacity to invest in high quality assets that add to our best-in-class portfolio at what we believe to be an attractive point in the cycle”.

#### **Tritax Big Box REIT** (BBOX, 168p, £3,150m)

Real estate investment trust investing in ‘big box’ logistics properties. Completion of combination and trading update. The all-share combination with **UK Commercial Property REIT** (UKCM, 73p, £947m) has become effective and 577 million new BBOX shares have been admitted today. *Outlook:* “We are seeing an encouraging uptick in levels of activity in our development pipeline. Many occupiers that deferred decision making in 2023 have moved forward in 2024 and we have 1.5 million sq ft of new development transactions in legals, and a strong pipeline in negotiations. In addition, freehold development sales are expected to contribute at least £15m of DMA income in the year. Through rent reviews, lettings and regears we are making good progress capturing the significant reversion within our investment portfolio. In addition, we continue to take advantage of market conditions to selectively acquire mispriced assets. These factors together with stabilised yields collectively support our positive outlook for 2024”.

#### **First Property Group** (FPO, 19p, £21m)

Property fund manager and investor with operations in the UK and Central Europe. FY (Mar) trading update. *Guidance:* “Underlying trading profits are expected to be in line with market forecasts”. Carrying value of the group’s net assets reduced due to: the write down in value of the group’s share in Fprop Opportunities, as reported on 8 November; and a reduction in the market value by the group’s directly owned office block in Gdynia, Poland. The group owes deferred consideration of €12m in respect of the Gdynia property, which is due for payment on 12 June. It is around 30% leased (up from 2% leased at purchase) and at that level of leasing makes a small operating loss of around €30,000 on an annualised basis. “The group is in discussions to restructure the deferred consideration and is hopeful of a positive outcome. However, in view of the due date of the liability, the directors have resolved to impair the value of the property by £3.7m to match its value against the value of the liability”. As a result, £3.7m will be debited from the P&L FY 24 and will result an overall loss in the financial year, subject to audit. “This deduction is not as a result of a deterioration in the underlying trading performance of the Group and comprises a non-cash item”. FY results, 26 June.

#### **Triple Point Social Housing REIT** (SOHO, 61, £240m)

Real estate investment trust investing primarily in newly developed social housing assets, with a focus on supported housing. Independent review of investment management arrangements. NAV and dividend announcements. Q1 (Mar) NAVPS, 114.2p (31 Dec, 113.8p). Q1 div, 1.37p. FY (Dec) div guidance: “While rent collection in the first three months of 2024 has increased relative to 2023, the Board has decided to keep the dividend target flat to preserve dividend cover whilst the Investment Manager concludes the transfer of 38 properties from Parasol to Westmoreland and proceeds with the proposed sale of a portfolio of properties (as per the Company’s portfolio sale and lease transfer announcement of 3 May. As a result, the Company is targeting an aggregate dividend of 5.46p for the financial year ending 31 December”.

# Fortnight ahead

## Construction & property: company and economic news

### May

|    |                                  |                                     |
|----|----------------------------------|-------------------------------------|
| 20 | Harworth Group (HWG)             | AGM                                 |
|    | Big Yellow Group (BYG)           | FY results (mkt close)              |
| 21 | Watkin Jones (WJG)               | HY results                          |
|    | Forterra (FORT)                  | AGM                                 |
|    | Epwin Group (EPWN)               | AGM                                 |
| 22 | HICL Infrastructure (HICL)       | FY results                          |
|    | Regional REIT (RGL)              | Trading update                      |
|    | British Land (BLND)              | FY results                          |
|    | Kingfisher (KGF)                 | Trading update                      |
|    | Empiric Student Properties (ESP) | AGM                                 |
|    | ONS                              | House prices, rents                 |
|    | ONS                              | Inflation data                      |
| 23 | Galliford Try Holdings (GFRD)    | Capital markets presentation (2.30) |
|    | Helical (HLCL)                   | FY results                          |
|    | LSL Property Services (LSL)      | AGM                                 |
| 31 | Bank of England                  | Mortgage approvals (09:30)          |
|    | HMRC                             | Housing transactions (09:30)        |

Sources: Public announcements, ShareCast.com, Progressive Equity Research. Most are released at 07:00 unless otherwise stated.

*Prices are as at the previous day's close. Where quoted, net debt is pre-IFRS16 (excluding leases) unless otherwise stated.*

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