

SHED QD Newswire - HY results analysis from QuotedData

7 November 2024

- Urban Logistics REIT (SHED) has reported half year results for the six months to 30 September 2024 this morning. EPRA net tangible assets (NTA) was down 1.4% to 158.05p over the period, primarily due to costs associated with asset acquisitions. NAV total return for the period was 1.3%.
- The value of the company's portfolio of mid-box urban logistics assets increased to £1.14bn (from £1.10bn at 31 March) due to acquisitions and a 0.2% like-for-like valuation uplift over the six months. The portfolio ERV grew 3.5% in the period, while the yield moved out slightly to 6.4% (from 6.3%).
- Management has taken strides to achieve full coverage of its 7.6p annual dividend, with asset management initiatives, portfolio recycling, and debt refinancing all feeding through to a 3.5% uplift in adjusted earnings per share in the six months to 3.57p (annualised 7.14p).
- Chairman Nigel Rich said: "We firmly believe that the best method for delivering value for our shareholders is through the active management of the portfolio, the delivery of earnings accretive acquisitions and the demonstration of the portfolio value through sales where asset management has been completed. This will lead to a growth in earnings, allowing us to fully cover and, in due course, grow our dividend, and support valuation growth in our portfolio. It is these activities, combined with our continued belief in the single let logistics sector and strategy, that we believe will help reduce the discount at which the shares currently trade at, and grow shareholder value."

QuotedData's view: The manager has made encouraging steps in delivering on its priority to grow earnings and achieve a fully covered dividend. Capturing rental growth within its portfolio, where it attained a 21% uplift in rents on lease events in the period, is the manager's bread-and-butter. It is also undertaking an asset recycling programme, under which it acquired four properties in the six months, utilising capital released from the refinancing of a portion of its debt.

Further portfolio recycling can be expected, and post period end the company sold a 'core' asset for £7.7m at a 4.65% net initial yield and bought a vacant asset in Dunstable for £3.6m, where the manager completed a letting between exchange of completion resulting in a net initial yield of 7.1%. If this blueprint can be replicated, the positive impact on earnings will go a long way to achieving a covered dividend.

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