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Vastned Retail Belgium – 1H results (Not Rated)

Following the portfolio reshuffle, acquisitions of premium city high street shops (PCHSS) and disposal of non-strategic assets (see our Morning dd. March 31 and December 24), the share of PCHSS in the portfolio now stands at 51%. This is in line with the strategy of parent company Vastned.

Admittedly PCHSS generate low yields (valued at 4.6% at VRB) but also cater for very high occupancy (98%) and nice positive reversion at renewal (Ghent Zonnestraat will generate a 50% rent upwards revision after its refurbishment is completed). The slightly lower overall occupancy (96% vs. 98% as of end 2014) is the result of the recently acquired Antwerp Schuttershofstraat currently undergoing a remodelling and awaiting a new tenant; negotiations are on-going.

The picture is more mixed in suburban retail (baanwinkels), good for 31% of the portfolio (the reminder are non-premium high street shops).

Portfolio value is up 1.3% vs. end 2014 with a similar LfL growth (net acquisitions close to zero). PCHSS alone show a 3% value increase with other high street hops booking a 1% value fall. EPRA NAVPS stands at EUR 48.06, up 4.6% YoY.

Direct results stand at EUR 6.1m, down 9.9% or EUR 1.21 per share, mainly as a result of the massive recent disposals not yet compensated by the full effect of the recent, lower yielding acquisitions (rents down 9.6%).

Company FY15 dividend guidance stands at EUR 2.35-2.45 (EUR 2.72 in 2014)

Our take: results are in line with Q1 figures. The share trades with a 12.6% premium vs. NAVPS.

Parent company Vastned will release its results on August 20.