

Progressive Property & Construction Daily



22 March 2021: KGF, UTG, YEW | UK's zero carbon goal 'impossible' without 'colossal' increase in home insulation - MPs

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

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Company news

Kingfisher (KGF, 313p, £6,601m)

Owner of home improvement stores across France and Europe, including B&Q in UK. FY (Jan) results. Rev +7.2% £12.4bn (UK & Ireland +10.7%; France, +5.1%); adj PBT +44%, £786m; stat PBT +634%, £756m; adj EPS +50%, 28.7p; div 8.25p (FY 20, 3.33p); net debt £1,394m (£2,526m). Y/Y LFL change in sales: Q1, -24.8%; Q2, +19.5%; Q3, +17.4%; Q4, +15.5%. UK & Ireland over the same period: -16.0%, +19.6%, +19.9%, +19.4%. France: -41.5%, +27.0%, +19.2%, +15.4%. Current trading: Q1 22 Y/Y sales since 1 Feb +24.2%, "However, we remain mindful of the continued uncertainty related to COVID in continental Europe". *Outlook:* H1, expect low double digit Y/Y LFL sales growth; H2, planning for LFL scenarios of -15% to -5%. Aiming to grow FY 21 adj PBT, before c. £85m non-recurring net cost savings, in line with sales.

The Unite Group (UTG, 1,020p, £4,062m)

Owner, manager and developer of UK student accommodation. Planning permission granted for 700-bed student accommodation development at Derby Road in Nottingham. The direct-let development, which is located adjacent to the University of Nottingham campus, will open in time for the 2023-24 academic year. Total development costs, £57m; the scheme will deliver a development yield in line with the company's stated

targets. The development will target a BREEAM Excellent rating and net zero carbon in operations through optimised design, integration of solar panels at roof level and an all-electric heating solution, including high efficiency air-source heat pumps. The development will also deliver a substantial biodiversity improvement, through opening and improving access to the River Leen.

Yew Grove REIT (YEW, €0.91, £87m)

Owner of diversified portfolio of Irish commercial property assets. FY (Dec) results. NAV, 100c (YE 19, 98.5c); Portfolio valuation +23%, €142m; rent roll +22%, €10.4m; EPRA EPS -22%, 5.49c; div 5.15c (FY 19, 6.75c). Six further buildings purchased at cost of €25.3m; significant pipeline of €100m potential acquisitions identified. *Outlook:* The industrial sector is expected “to have another excellent year”. In offices, “the market will be slow until a clear and timetabled route out of lockdowns can be mapped. However ... there is no doubt that the office has a future, but as employers and employees include the flexibility to work both in an office and from home, it will be different from its past [with] greater stratification of offices into those seen as attractive and deserving of a premium”. The company “will continue to focus on growing its capital and portfolio and will focus activity on those parts of the industrial and office markets which we believe will generate the optimal mix between yield and value growth that will continue to enhance distributions to our shareholders and the strength of the balance sheet underpinning their investments”.

In other news ...

Home insulation. The UK government’s net zero emissions goal will be impossible to achieve without a “colossal” increase in action to improve the energy efficiency of homes, which account for c. 20% of the nation’s greenhouse gas emissions, according to the Environmental Audit Committee, FT ([link](#), paywall). The EAC ([link](#) to website) believes the Government has “significantly underestimated” the cost of the work that must be done to eliminate pollution from homes. The government has estimated that its ambition to make about 19 million of the UK’s 29 million homes more energy efficient by 2035 will cost anywhere between £35 - 65bn. But the EAC said the figure did not include the roughly 8 million properties with solid rather than cavity walls, which are more expensive to insulate. It also did not take into account the cost of installing low-carbon heating such as heat pumps.

Prices are as at the previous day’s close.

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