

Analyst calls Vestin II 'well-managed' REIT

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Vestin Realty Mortgage II, one of two real estate investment trusts managed by Vestin Mortgage of Las Vegas, was mentioned for the first time in a securities analyst's report this week.

Analyst Laura Engel of Stonegate Securities in Dallas calls Vestin II "a well-managed REIT with a solid underlying business model and prospects for continuing success."

Engel was not available for comment.

Vestin spokesman Steve Stern said the Securities and Exchange Commission prohibits the company from commenting on analyst reports.

While the Las Vegas hard-money lending business has had two failures this year, USA Capital and Private Capital, Engel was generally positive in her evaluation of Vestin II.

Vestin II has had little to no debt recently, reducing risks for investors, she reported.

The REIT makes loans to developers and entrepreneurs willing to pay double-digit interest rates for loans secured by real estate. The report, which is dated Monday, explains that Vestin II has an 11.5 percent dividend yield, exceeding the 7.9 percent average for the company's peer group, which includes Redwood Trust, Arbor Realty Trust and Annaly Capital.

The high yield relates to the share price, which has been running 73 percent of book value, \$9.37. Book value is the net worth of the company reflected on its accounting books.

The analyst forecast that Vestin II will record net income in the fourth quarter of \$5.6 million compared with \$4.7 million a year ago. Earnings per share are expected to be 17 cents, compared with 14 cents in the period last year.

It has 38 loans totaling \$265.7 million, mostly in the rapidly growing areas of Nevada, Arizona and Riverside County, Calif. Four loans valued at \$35.3 million are non-performing, including loans made to the Hawaii funeral home and cemetery business Rightstar.

Shares in Vestin II, which trade as VRTB, closed at \$6.87 on Wednesday on the Nasdaq National Market, down 1 cent, or 0.15 percent.