

News

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Muse Developments Contributes to Morgan Sindall Group's Results

Muse has contributed to half year results released (5 August 2013) by parent company Morgan Sindall Group plc, the construction and regeneration group.

Morgan Sindall Group, which operates through five divisions of construction and infrastructure, fit out, affordable housing, urban regeneration and investments, has delivered half year results for the six months ending 30 June 2013. Revenue for the period was up 2% on the prior year at £1,019 million, while adjusted gross margin reduced 120 base points to 8.1% (half year 2012: 9.3%). This performance reflects competitive market pressures experienced across all divisions. The Group has also taken an exceptional charge of £13.0 million during the period as a provision against amounts recoverable on a small number of older construction contracts.

The Group reports an order book of £3.1 billion, up 1% since year end, supported by a £2.2 billion pipeline of regeneration schemes, up 5% on year end. Adjusted earnings per share for the period are 31.5p (half year 2012: 38.4p). The interim dividend has been maintained at 12p per share (half year 2012: 12.0p).

During the first half of 2013, Muse - which has offices in London, Manchester, Glasgow and Leeds - continued progress on a number of major urban regeneration schemes across the UK. The company also maintained a healthy development pipeline, which now stands at £2.2 billion.

Key developments for Muse in 2013 include:

London and South East

- Canning Town: Construction started on the second phase of the £180 million Rathbone Market development which is being delivered by English Cities Fund (ECf), a joint venture partnership between Muse, Legal & General Property and the Homes & Communities Agency (HCA). The scheme will provide 651 private and affordable homes, new retail and leisure amenities and a revitalised local market. Phase two includes the development of two public squares, a new library and community centre, ground floor retail space and 165 new homes. The first phase of the scheme comprising 20,000 sq ft of retail space and 271 homes was completed last year.
- Lewisham Gateway: Detailed plans were approved for Phase 1a of the Lewisham Gateway project in South London which will provide 193 new homes with ground floor retail units, restaurants and a new park - Confluence Place. Construction of the development is due to start later this year with completion of the first phase in 2015. Muse is delivering the scheme in partnership with The Mayor of London, the London Borough of Lewisham, Transport for London and London Bus Services.
- Basingstoke: At Basing View, Muse Developments signed two development agreements with Basingstoke and Deane Borough Council for the £200 million project, which will deliver a 21st Century regional business destination. The Basing View scheme will create around 650,000 sq ft of new commercial-led development over 15 acres, promoting and stimulating new investment in the area. It will include a mix of new office space, a business class hotel and other supporting facilities. The project has the potential to double the number of jobs currently available at the business park to around 10,000 over 15 years.
- Reading: Construction started this year on the final phase of the Chatham Place development, which will deliver two residential buildings of nine and 19 storeys, with ground floor retail and a

public urban garden. It will also carry out improvements to highways, pedestrian links and the landscaping of the Chatham Street roundabout. The scheme will deliver 184 new homes due for completion in 2014.

- **ISIS Brentford:** In west London, ISIS Waterside Regeneration - a joint venture between Muse and the Canal & River Trust - has started construction on the first phase of its Brentford Lock development of 150 one-, two-, three- and four-bedroom apartments and town houses. The first homes are due for completion this winter. The overall scheme, which is designed to maximise the benefit of the water frontage of the 11-acre site, will comprise 520 homes and 75,000 sq ft of commercial development. Of the overall 520 residential homes, 20 per cent will be affordable homes. The scheme will also deliver 7,000 sq m of commercial space, helping to create around 300 new jobs for the area. £2 million has been allocated for investment into local health and education facilities.

South West

- **Swindon:** Construction is underway on an assisted living residential building and an 850-space multi-storey car park. The scheme due for completion in September this year, is the first phase of a £300 million mixed-use regeneration scheme in Swindon town centre. The scheme will provide 1.6 million sq ft of high quality office space, new homes and a modern bus station. It will also help to regenerate the town's leisure facilities, creating new shops, restaurants, cafés and a hotel.

- **Plymouth:** Construction started this year on a 102-home development at East Quay, part of the £160 million Plymouth Millbay regeneration which Muse is carrying out through English Cities Fund (ECf). The scheme will transform a 15-acre harbour-side area into a vibrant new waterfront community. Construction is also progressing well on a development of 48 new homes at Cargo 2, a mixed development which will see the creation of 14 houses and 34 apartments and retail space.

North West

- **Manchester:** Muse began work on 1 Smithfield Square, the sixth phase of the Smithfield scheme in the city's Northern Quarter, which will deliver 77 new apartments - in a mix of one-, two- and three-bed apartments with associated parking - as well as over 6,000 sq ft of ground floor commercial space.

- **Salford:** Construction started on Vimto Gardens, a six storey luxury residential building in Chapel Street close to where the soft drink Vimto used to be made. The scheme will deliver 83 apartments and 14 town houses, an internal private courtyard as well as retail and commercial units on the ground floor. The scheme is the first phase of Salford Central, a 44-acre regeneration scheme which is being delivered by English Cities Fund (ECf) and Salford City Council. The development will create 220,000 sq m of commercial space for office, retail and leisure uses, 849 new homes and 390 hotel rooms.

- **Blackpool:** Construction is progressing well on the first phase of the £220 million Talbot Gateway mixed-use regeneration scheme which Muse is delivering in partnership with Blackpool Council in the central business district. Phase one includes the creation of new council offices, a remodelled multi-storey car park - due for completion this autumn - a Sainsbury's store, two hotels and a new public square.

- **Chester:** Work is due to start early next year on the first stage of Chester's groundbreaking £115 million Central Business Quarter - City Place. The green light comes after Muse secured outline planning approval for 44,749 sq m of office space, including ancillary retail and leisure facilities and public realm. The first phase, a six-storey, environmentally excellent building near the city's historic railway station, is due for completion in 2015. The development also includes the remodelling of part of the Grade II* listed station and adjoining Queen Hotel complex to create a new landscaped public realm area and 'gateway' from the station into the Business Quarter.

Yorkshire & North East

- Doncaster: Construction has now begun on the first phase of 'The Gables' a 54-home residential development in the town centre. Morgan Sindall's specialist housing provider Lovell will construct the new energy-efficient homes which will be the first high quality modern houses to be built in the town centre in a number of years. The scheme is part of the £300 million regeneration of Doncaster Civic & Cultural Quarter which Muse is delivering covering 25 per cent of the town centre. Phase one of the development which includes: new civic offices, an 850-space multi-storey car park, new performance venue 'Cast' and public square is now complete.
- Stockton-on-Tees: Muse is working alongside Morgan Sindall Group's housing specialist Lovell, to deliver Vivo - the first phase of the £100 million Northshore mixed-use riverside regeneration scheme. The housing development, which is situated next to the iconic Infinity Bridge, is being delivered in partnership with The Homes and Communities Agency supported by Stockton Borough Council. The first 50 Vivo homes were completed in 2012 and construction has now commenced on a second phase of 76 two-, three- and four-bedroom homes which will be developed in partnership with Lovell. The 23-hectare riverside development will ultimately deliver over 1.8 million square feet of offices, leisure and retail accommodation and high quality homes.
- Leeds: Construction has started on a 60,000 sq ft office building pre-let to KPMG in Sovereign Street - the largest new build office in Leeds city centre since 2006. British Steel Pension Fund is forward funding the scheme for Muse in a landmark deal which has enabled work to start on the new office building. The development, which is due for completion in autumn 2014, is the first of three buildings proposed around a new area of green public realm on Sovereign Street which will be developed by Leeds City Council.

Scotland

- Aberdeen: In a joint venture with Aviva Investors, Muse has been appointed as preferred bidder to work with Aberdeen City Council on the redevelopment of the St Nicholas House site in Aberdeen. The project which will be fully funded by Aviva Investors, has an overall value in excess of £100 million. Muse Developments proposes to develop a vibrant new mixed-use quarter for the city on the brownfield site which previously housed the Council's corporate headquarters. The proposed Marischal Square development will include a mix of house offices, a boutique hotel, cafés, restaurants and retail space, as well as public space, a small civic square and a 'pedestrianised' Broad Street. The Council will lease the development from Aviva and receive a proportion of the rental profits for 35 years, after which the site and development will transfer into council ownership.

Matt Crompton, joint managing director at Muse comments: "During the period we are delighted to have begun construction on no less than nine schemes and secured planning consent for new projects in Lewisham and Chester. Our strong-track record and relationships with our partners mean we are well positioned to secure new regeneration initiatives, as Government's focus on residential development helps to drive demand."