

News

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Muse Developments helps Morgan Sindall Group's results



Urban regeneration and property development company Muse Developments, has contributed to preliminary results for the year ended 31 December 2014, released today (19 February 2015) by parent company Morgan Sindall Group plc, the construction and regeneration group.

While trading conditions remained challenging, Morgan Sindall Group delivered an operating profit of £26.5 million before adjustments (2013: £16.2 million) on revenues of £2,220 million (2013: £2,095 million). Adjusted operating profit before intangible amortisation and exceptional items was £28.9 million (2013: £33.6 million). The Group finished the year with a net cash position of £56 million (2013: £70 million). Adjusted earnings per share were 46.7p (2013: 60.9p). The dividend for the year is unchanged from 2013 at 27.0p per share. The Group's committed order book is up 11 per cent at £2.7 billion (2013: £2.4 billion).

During 2014, the national developer and regeneration specialist - which has offices in London, Manchester, Glasgow and Leeds - moved forward on a number of significant urban regeneration schemes across the UK. Construction progressed on 18 projects with a total construction value of £278 million. The company also maintained a healthy order book and development pipeline, which now stands at £2.4 billion.

Key development activities for Muse in 2014 included:

London

- **Lewisham Gateway:** construction started on the first phase of a two-building development of 193 apartments with ground floor retail and leisure space at Lewisham Gateway. Planning permission was secured for the second phase which will deliver a further 169 new homes in two buildings, 15 and 22 storeys high, with ground floor retail and leisure space. In total, the scheme will deliver 700 new homes, 65,000 sq ft of retail, restaurant and commercial space, extensive public realm and improved public transport facilities. Muse is delivering the scheme in partnership with the Mayor of London, the London Borough of Lewisham, Transport for London and London Bus Services.

- **Rathbone Market, Canning Town:** planning approval was secured for the third phase of English Cities Fund's (ECf) £180 million Rathbone Market development which will provide an additional 216 new homes in a mix of one-, two- and three-bedroom designs. Phase Two, known as Aurelia, is under way and will be completed by early 2015. It will provide a further 165 homes, of which 122 have already been sold off-plan, a new market square and space for community facilities.

- **Brentford Lock West, Brentford:** construction continued at the Brentford Lock West residential development and 45 dwellings were completed in the 150-home first phase. Planning permission was also secured for the second phase which will provide a further 141 homes. The development is being delivered by a partnership between Muse and the Canal and River Trust. The new waterside neighbourhood will create up to 520 townhouses and apartments and 75,000 sq ft of commercial space.

- **Your New Town Hall, Brixton:** in April, Muse signed a Development Agreement as Lambeth Council's partner to deliver the Your New Town Hall project in Brixton town centre, comprising a new 125,000 sq ft civic office building, refurbishment of a Grade II-listed town hall, new public realm and around 195 new homes. The project will rationalise the Council's estate and make substantial annual operational cost savings.

- **Stroudley Walk, Bow:** Muse exchanged contracts with Poplar Housing and Regeneration Community Association to deliver a £42 million scheme at Stroudley Walk in London's East End. The scheme, due for completion in 2019, comprises around 140 flats and ancillary retail space. South East

- **Basing View, Basingstoke:** Muse is planning to deliver around 650,000 sq ft of new commercially-led development at Basing View, and the first phase of development, the construction of a 110,000 sq ft combined Waitrose and John Lewis at Home store, is now under way. This 'new format' store is only the second of its type in the John Lewis Group portfolio and represents a major investment by the retailer in the town. The £200 million Basing View development which is being delivered with Basingstoke and Deane Borough Council, will include a mix of office space, a business class hotel and other supporting facilities.

South West

- **Wapping Wharf, Bristol:** Muse is working in a joint venture with landowner Umberslade on the £42 million development, of which the first phase of 194 apartments is now under way. The development, due for completion in May this year, includes 8,650 sq ft of retail and leisure space and a new pedestrian pathway linking south Bristol and the city's harbourside. This is a major waterfront regeneration scheme which is a key piece of Bristol centre's landscape and the last remaining large-scale redevelopment opportunity in the Harbourside Regeneration Area and City

Docks Conservation Area. It has been backed by the Homes and Communities Agency's Get Britain Building scheme and will provide a mix of social and open market housing.

- **Millbay, Plymouth:** Over half of the first release of homes at the third residential phase of the 102-home Quadrant Quay at East Quay was sold off-plan in 2014. Focused around Plymouth's historic former docks, Millbay features a mix of residential, leisure, business and retail development with high quality public spaces. It is part of the £160 million Plymouth Millbay regeneration which Muse Developments is carrying out through English Cities Fund (ECf). When complete, Millbay will transform a 15-acre harbour-side area into a vibrant new waterfront community.

East Midlands

- **Hucknall, Nottinghamshire:** Muse secured outline planning consent for the Watnall Road development which is set to get under way this year on the former Rolls-Royce site. Muse is Rolls-Royce plc's development partner for this £100 million major mixed-use development which will provide 900,000 sq ft of employment space and around 900 homes.

North West

- **Stockport Exchange, Stockport:** Muse is Stockport Metropolitan Borough Council's development partner for the Stockport Exchange, a £145 million gateway site linking the railway station and the retail core of the town centre. A 1,000 space multi-storey car park, forming the first phase of development, was completed at the beginning of 2014 and planning consent was secured for the second phase which includes a 115-bed hotel and a five-storey office building with ground floor retail space.

- **Talbot Gateway, Blackpool:** the first phase of development of the £100 million Talbot Gateway regeneration was completed in June delivering a 125,000 sq ft new office building, a new Sainsbury's supermarket and a refurbished 650-space, multi-storey car park. Muse is working in partnership with Blackpool Council.

- **Salford Central, Salford:** significant progress continued at Salford Central, a 44-acre regeneration of Salford's civic and historic centre, with the completion of a 143-bed Premier Inn and multi-storey car park at New Bailey. Construction also started on One New Bailey, a 125,000 sq ft office development which will complete in May 2016. The scheme is being delivered by English Cities Fund (ECf) a joint venture between Muse, Legal & General Property and the Homes and Communities Agency. At Chapel Street, construction continued on the Vimto Gardens residential development which is due for completion in spring this year, with the majority of homes already sold. The six-storey luxury residential building will deliver 83 apartments and 14 town houses, in a private courtyard, and retail and commercial units on the ground floor.

- **Chester Central, Chester:** construction work began on One City Place, a six-storey office development at the heart of Chester's new Central Business Quarter. Due for completion in November, the 70,000 sq ft office space which is being developed by Muse, is the first of seven office buildings adjacent to the mainline railway station. When complete the new business quarter will offer a total of 440,000 square feet of state-of-the art office space creating around 3,500 jobs.

- **Bridge Street Quarter, Warrington:** planning consent was secured for the £52 million Bridge Street Quarter mixed-use scheme which Muse is delivering in partnership with Warrington Borough Council. When completed, the scheme will provide retail and leisure space (including cinema and

restaurants) an indoor market hall, a council office building, improved parking and a new public square. Site works are due to start in March this year.

Yorkshire & North East

- **Sovereign Square, Leeds:** construction of the first building at Sovereign Square - a 60,000 sq ft office development being built by Morgan Sindall for KPMG in Leeds city centre - was completed. This is the first of three buildings proposed around a new area of green public realm on Sovereign Street.
- **Logic Leeds, Leeds:** construction started on the first 'big shed' scheme, an 80,000 sq ft warehouse Muse is delivering at Logic Leeds, a 110-acre manufacturing and distribution development.
- **Civic and Cultural Quarter (CCQ), Doncaster:** construction progressed on the first phase of residential development at Doncaster CCQ's 'The Gables' - a 54-home scheme in the town centre. Morgan Sindall Group's specialist housing provider Lovell is building the new energy-efficient homes. The scheme is part of the £300 million regeneration of the Waterdale area of the town which Muse is delivering as Doncaster MBC's development partner covering 25 per cent of the town centre.
- **Lakeside, Doncaster:** two miles south east of the town centre, Muse started construction on 51 new luxury two-, three- and four-bedroom homes which are being built by sister company Lovell.
- **Northshore, Stockton-on-Tees:** work started on Northshore's first two commercial phases: a 43,000 sq ft head office building for housing specialists, Thirteen Group, and a 36,000 sq ft state-of-the-art Innovation Centre. The new centre which is a partnership project involving Muse, Stockton Council, Teesside University and the HCA, will provide flexible space for digital, scientific and creative enterprises. Construction also progressed on the second phase of Vivo, a residential development of 76 two-, three- and four-bedroom family homes which Muse is delivering in partnership with Morgan Sindall Group's affordable housing provider Lovell.
- **South Shields 365, South Shields:** plans for the first phase of a £100 million regeneration scheme in the town centre were approved by South Tyneside Council. This first phase will include a new central library and digital media centre, a 40-space car park and improvements to the adjoining market place. Work on the development will begin this year. The South Shields 365 plan proposes a radical town centre redevelopment with a new retail quarter in the Fowler Street West area. The scheme will create a new cinema, library, 175,000 sq ft of retail and leisure facilities including a food store and a hotel.

Scotland

- **Marischal Square, Aberdeen:** Aberdeen City Council gave full planning approval for the £107 million Marischal Square development in the city centre and an agreement was signed with Marriott International to deliver a 126-room Residence Inn. The hotel will be part of a new mixed-use quarter that will include new offices, retail, leisure and civic space. The scheme is due for completion in 2017.

Nigel Franklin, joint managing director at Muse Developments, said: "2014 has been a positive year for us, with renewed confidence in the market and continued support for our schemes from public sector partners. We've seen improved demand for speculative development in city centres, an increased appetite for investment and new housing remaining a priority.

“We’ve made significant progress on schemes across the UK, with development agreements signed on four new projects, two major outline planning approvals achieved and 18 projects under construction. Our current pipeline of opportunities places Muse in a good position to continue to benefit from market improvements in 2015.

“There’s no doubt that our strong and successful track record combined with our talented development team have made a fundamental contribution to this result”