

News

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Muse helps Morgan Sindall Group's results

Muse Developments has contributed to half year results released today (4 August 2014) 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 in line with expectations for the six months ending 30 June 2014.

Against a continued backdrop of challenging market conditions, operating profit before amortisation and exceptional operating items was £15.2 million (2013: £16.2 million) on revenue of £998 million, a 2% decrease over the same period last year (2013: £1,019 million). The Group reports an order book of £2.7 billion, up 14% on the previous year end (2013: £2.4 billion), supported by a £3.2 billion pipeline of regeneration schemes, up 5% from £3.0 billion last year end. Adjusted earnings per share for the period are 28.6p (2013: 31.5p). The interim dividend has been maintained at 12.0p per share (2013: 12.0p).

During the first six months of this year, 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. The company also maintained a healthy order book and development pipeline, which now stands at £2.3 billion.

Key activity for Muse across the UK this year includes:

London

- **Lewisham Gateway:** Construction is underway on Phase One of the Lewisham Gateway project in South London which includes a new urban park and the first two buildings, which will deliver 193 new homes. A proportion of the new homes in the initial phase of the development will be owned and managed by specialist private rental investor, Fizzy Living. The first phase of the development is due for completion in Spring 2016. In total, the scheme will deliver in excess of 700 new homes, 65,000 sq ft of retail, restaurants 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 consent was secured in April for the third phase of the £180 million Rathbone Market development in Canning Town which is being delivered by English Cities Fund (ECf), a joint venture partnership between Muse, Legal & General Property and the Homes & Communities Agency (HCA). This third phase will provide 216 homes with a communal garden and allotments. Phase Two, known as Aurelia, is underway and will be completed by early 2015 and provides a further 165 homes, a new market square and space for community facilities.
- **Your New Town Hall, Brixton:** Muse signed a development agreement with Lambeth Council in April to deliver a £135 million regeneration scheme in Brixton town centre - comprising a 125,000 sq ft office building and refurbished listed town hall for the council and up to 275 new homes on surplus land. A planning application is expected to be submitted in early 2015.

South

- **Basingstoke:** Muse Developments is now on site with a 113,000 sq ft combined Waitrose and John Lewis at Home store at the new £200 million Basing View development which it's delivering with Basingstoke and Deane Borough Council. When complete, the 15-year project, 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 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.

South West

- Bristol: Working in joint venture with development company Umberslade, Muse Developments is progressing construction of the £42 million first phase of the Wapping Wharf scheme in Bristol. 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. This first phase has been backed by the Homes and Communities Agency's Get Britain Building scheme and includes 194 new apartments, 55 of these have been sold to Sovereign Housing with a further 26 agreed for social housing. The remaining 113 homes will be available on the private market. The scheme also includes retail space, a new public square and new infrastructure. This first phase will be completed by March 2015.
- Plymouth: Initial completions are expected at the end of this year on the 102-home Quadrant Quay residential development at East Quay, part of the £160 million Plymouth Millbay regeneration which Muse Developments is carrying out through English Cities Fund (ECf). Construction has been completed on 48 new homes at Cargo 2, a mixed development which consists of 14 houses and 34 apartments and retail space. When complete, Millbay will transform a 15-acre harbour-side area into a vibrant new waterfront community.

North West

- Blackpool: The first phase of the £220 million Talbot Gateway regeneration scheme, which Muse Developments is delivering in partnership with Blackpool Council, is now complete. Phase one includes the creation of 126,000 sq ft council office scheme, a Sainsbury's store, two hotels and a new public square. There is also a remodelled 1,000-space, multi-storey car park and a range of highway improvements. The Sainsbury's store is now open and plans for a 130-bed hotel, as part of phase two, are progressing.
- Salford Central (Chapel Street and New Bailey): Progress continues at Salford Central, a 44-acre regeneration of Salford's civic and historic scheme with a 143-bed Premier Inn and municipal car park due for completion later this year. The scheme is being delivered by English Cities Fund (ECf). Key elements include a new gateway to the city centre - linking the university to Manchester's Spinningfields district through a revitalised Chapel Street - and New Bailey which has been masterplanned to provide over 2 million sq ft of high-quality office space along with supporting retail, leisure and residential uses. At Chapel Street, construction of the Vimto Gardens residential development is expected to complete in early 2015. The six-storey luxury residential building will deliver 83 apartments and 14 town houses, an internal private courtyard, and retail and commercial units on the ground floor. Planning permission has also been secured for One New Bailey, a 125,000 sq ft office building in the New Bailey area of the development and construction will begin in autumn.

Yorkshire & North East

- South Shields: Muse Developments has entered into a development agreement with South Tyneside Council for the £100 million, mixed-use South Shields 365 town centre renewal in which Muse Developments is the sole developer. 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, as well as a hotel. A planning application for phase one has been submitted and construction work is expected to start this autumn. The Council is also working with Nexus (the Tyne and Wear

passenger transport executive) to bring improvements to the Metro system along with a new transport interchange.

- Stockton-on-Tees: Construction is under way on a new 43,000 sq ft office headquarters for Thirteen Group. Muse Developments is also working alongside Morgan Sindall Group's housing specialist Lovell, to deliver Vivo - the residential 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. Muse Developments is nearing completion of Vivo 2, which will provide 76 two-, three- and four-bedroom homes. The 23-hectare riverside development will ultimately deliver over 1.8 million sq ft of office space, leisure and retail accommodation and high quality homes. Construction of a 36,000 sq ft state-of-the-art innovation centre is also starting on site this summer.
- 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 is due for completion this autumn. This is the first of three buildings proposed around a new area of green public realm on Sovereign Street.

Scotland

- Aberdeen: Muse Developments has submitted a detailed planning application with Aberdeen City Council for the £107 million Marischal Square development to transform one of the key locations in Aberdeen city centre. The plans for the former St Nicholas House site include a mix of commercial and civic space, greater prominence for the historic Provost Skene's House, as well as full pedestrianisation of a section of Broad Street. The scheme which is funded by Aviva Investors, will deliver a vibrant new mixed-use quarter for the city and include offices with associated car parking, a hotel, retail, cafes, restaurants and civic space, along with public access, landscaping and public realm improvements around a site which previously housed the former council headquarters building St Nicholas House. The site is due to be handed over to Muse Developments later this year ahead of the scheme being completed in 2017.

"The first half of the year has been extremely encouraging. We're definitely starting to see a real growth in confidence and increased occupier interest. We've been working very hard over the past few years to make sure we're in a position to take advantage of this positive trend," says Matt Crompton, joint managing director at Muse Developments.

"This year we've already seen some great achievements, with four development agreements signed, projects on site from Aberdeen to Plymouth, planning applications approved and major occupiers secured. We'll continue to do what we do best - unlocking key sites for regeneration and delivering real results for our partners."