

News

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Muse helps Morgan Sindall Group's record results

Muse has contributed to record preliminary results for the year ended 31 December 2018 released today (21 February 2019) by parent company Morgan Sindall Group plc, the construction and regeneration group.

Morgan Sindall Group plc has delivered record profit for the full year to 31 December 2018, with adjusted profit before tax up 23% to £81.6 million (FY 2017: £66.1 million) on revenue of £2,972 million (FY 2017: £2,793 million), a 6% increase on the previous year. The Group reported a committed order book of £3.6 billion and a regeneration and development pipeline of £3.1 billion. Adjusted earnings per share was up 25% for the year to 151.8p (FY 2017: 121.1p) and total dividend per share increased by 18% to 53.0p (HY 2017: 45.0p). The Group demonstrated continued strength of the balance sheet with year-end net cash of £207 million and an average daily net cash of £99 million. They are in a strong position to deliver on expectations in 2019.

2018 has been a strong year for Muse, with performance in line with expectations and a record profit for the business under Morgan Sindall ownership. The year saw the company moving forward on 36 significant regeneration schemes across the UK. Thirteen projects totalling a construction value of £350 million are currently on site across the UK with Muse expecting to place a further £510 million of construction contracts over the next 12 months. The company's order book and forward development pipeline now stands at £2 billion and Muse was selected as preferred developer on projects worth a further £0.5bn of gross development value in 2018.

“2018 was a strong year for Muse, with performance in line with expectations and a record profit for the business under Morgan Sindall ownership,” says Matt Crompton, joint managing director at Muse Developments. “We’re working closely with our partners across the UK to deliver transformative regeneration schemes which are creating vibrant new places for people to live, work and relax. Work is progressing well at schemes in Brentford, Bristol, Leeds, Lewisham, Manchester, Plymouth, Salford, South Shields, Stockton-on-Tees, Tottenham and Warrington.

“Our secure forward development pipeline is healthy and we enjoy preferred developer status on five new projects, with the business shortlisted on a further scheme. The future looks positive and we expect to continue that momentum in 2019.”

Key projects for Muse Developments include:

London

- **Lewisham:** Construction has been completed on Muse's fourth residential building at the £375 million Lewisham Gateway regeneration project in South East London, providing 101 new homes with ground floor retail space and restaurants. Sales of all homes have also been completed. This follows Muse's delivery of 261 homes over recent years including 136 for buy-to-rent investor Fizzy Living. A planning application has been approved to make alterations to an existing permission for a final phase which will see the construction of over 530 new homes available for both private and affordable rent, as well as a new cinema, restaurant, new retail space, co-living accommodation, and a new business hub with flexible work space. The development is a joint project between Muse, the London Borough of Lewisham, the Mayor of London and Transport for London, supported

by Homes England.

- **Brixton:** Construction has completed on 120 new homes with 40 per cent affordable, along with new restaurant and retail space at the £160 million Your New Town Hall regeneration project. Muse is delivering in partnership with the London Borough of Lambeth and open market sales are progressing well. This follows the refurbishment of the Grade II-listed town hall and completion of a new 120,000 sq ft civic office and customer service centre.

South East

- **Basingstoke:** Last year Muse obtained detailed planning permission for a 45,000 sq ft office building at Basing View, and a pre-let to major local employer is being progressed. Muse further secured outline permission for an additional 40,000 sq ft office on an adjacent site which will provide a future supply of modern offices in Basingstoke. A land sale to Village Urban Resorts for a business class hotel was also been completed in 2018 with construction now under way.

South West

- **Plymouth:** Construction has passed the half-way point at Quadrant Wharf, a £30 million harbourside development of 137 new one, two- and three-bedroom apartments and split-level homes at English Cities Fund's Millbay regeneration scheme. Sales have also been launched with the first new homes, which are now being reserved, due for completion in Autumn 2019. The wider Millbay regeneration project is a mix of residential, leisure, business and civic development, with high quality public spaces and direct access to the waterfront. Planning permission has been granted for the next phase comprising 58 homes, a 126-bedroom hotel and ground floor restaurant/retail/leisure space facing the King Point Marina. There is also an extra care scheme by the Abbeyfield Society under construction, which will hold 80 units, along with community space. Lead developer English Cities Fund is a joint venture between Muse, Legal & General and Homes England.

North West

- **Salford:** Two new developments at Chapel Street - Plots E7/8 and Adelphi - are due to start this year. Both will complement existing residential schemes, Carpino Place, Timekeepers Square and Vimto Gardens. At New Bailey, Stanley Street multi-storey car park which offers 635 new spaces in the city, has now completed. Construction has started on Two New Bailey, a 180,000 sq ft Grade A office building due for completion in 2020, and Three New Bailey, a 157,000 sq ft office development which HM Revenue & Customs is taking on a 25-year lease. The scheme which is being forward funded by Legal & General, is due to complete in 2021, along with Riverside House an 11,000 sq ft office scheme due for completion in May this year. Also at New Bailey, a third Build-to-Rent building at The Slate Yard that will provide 199 one-, two- and three-bedroom apartments, is also under way.

- **Warrington:** The £107 million Time Square leisure development in the town centre is progressing ahead of schedule. The next phase which is well under way, will provide a 2,500-seat multi-screen Cineworld cinema, a 42,000 sq ft market hall, family friendly restaurants, new Council offices, retail units and a new public square.

Yorkshire & North East

- **Stockton-on-Tees:** Construction is nearing completion on a third phase of 82 new two-, three- and four-bedroom homes at the Infinity Riverside residential scheme in Northshore - a 56-acre,

£300 million mixed-use development transforming Stockton's riverside that Muse is delivering in partnership with Homes England, working closely with Stockton Borough Council. The scheme is expected to create more than 4,600 new jobs in the area. Construction has completed on a 125-bed Hampton by Hilton hotel which opens this month at the development. This is being delivered by Muse on Stockton Borough Council's behalf which will fund and take ownership of the hotel.

- **Leeds:** Construction has completed on a new 361,000 sq ft distribution centre for global technology distributor Premier Farnell which has been forward sold to Aberdeen Standard Investments at Muse's flagship manufacturing and distribution development Logic Leeds. Discussions have also concluded on a new 360,000 sq ft unit for a high-profile global organisation which has now commenced construction and also been forward sold to Aberdeen Standard Investments. Global online e-tailer Amazon and high street retailer John Lewis Partnership are also on site. Three speculative units totalling 100,000 sq ft, named Trilogy @ Logic have also been completed and purchased by Leeds City Council.

Scotland

- **Aberdeen:** Last year saw the completion of construction on the new Marischal Square development which was built by Muse's sister company Morgan Sindall Construction & Infrastructure. The scheme, developed with partners Aberdeen City Council and fully funded by Aviva Investors, was built in a single phase and comprises a 126-bed Residence Inn by Marriott, two city centre office buildings (122,000 sq ft and 55,000 sq ft), and seven restaurant and café bars at ground level. The development also features 'Poised' a 15-metre high steel leopard centrepiece by renowned sculptor Andy Scott. New office tenants include global oil and gas supply company Tenaris, NHS Scotland, RBS, Spaces by Regus and DC Thomson.

Wales

- **Colwyn Bay:** Muse completed construction on a new four-storey, BREEAM Excellent, circa 100,000 sq ft office building in the town for Conwy County Borough Council. The scheme will accommodate around 750 council staff and replace up to 13 existing offices. Planning is now progressing for the next phase of the scheme.