

News

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Morgan Sindall Investments assists parent Group's results



Project development and funding solutions specialist Morgan Sindall Investments Limited (MSIL) has contributed to preliminary results for the year ended 31 December 2016 released today (23 February 2017) by parent company Morgan Sindall Group plc, the construction and regeneration group.

The Group's adjusted operating profit was up 26 per cent to £48.8 million (FY 2015: £38.8 million) on revenues of £2,562 million which rose 7 per cent on the previous year (FY 2015: £2,385 million). The reported operating profit for the year was £47.4 million (FY 2015: £10.3 million loss). The Group finished the year with a significantly improved net cash position of £209 million (FY 2015: £58 million). Adjusted earnings per share were up 34 per cent on last year at 84.7p (FY 2015: 63.0p). The dividend for the year is 35.0p, a 21% increase from 2015's 29.0p per share. The Group's order book was also up 29% to £3.6 billion.

During 2016, MSIL's special purpose vehicle (SPV) and property management company, Community Solutions Partnership Services, took over the management of two new health centres in Scotland, through its hub West platform, and eight schools in the North West through its Priority Schools Programme, extending the size of the portfolio to just under £1 billion assets under management.

Community Solutions provides general, development and property management services through 17 Public Private Partnerships. It also provides a full function financial management service to these partnerships from the company's London head office.

Key large-scale investment projects for MSIL in 2016 include:

National

- HB Villages: In a joint venture with bespoke supported living developer HB Villages, MSIL continued to deliver new supported

living apartments across the country. The company currently has 16 new schemes under construction and a further nine in the pipeline. MSIL and The Universities Superannuation Scheme also entered into a £200 million strategic joint venture which will acquire Supported Independent Living assets from the HB Villages joint venture.

Scotland

- hub West Scotland: As the main private sector shareholder of the public private joint venture organisation hub West Scotland, MSIL is delivering over £367 million infrastructure projects for its public sector partners across Greater Glasgow and Clyde region. In 2016, the partnership reached financial close on two projects: St Flannan's Primary School for East Dunbartonshire Council, and the West Dunbartonshire Council offices. Both schemes are currently on site with the £8 million school due for occupation in April this year and the £16 million office development due to be handed over in December. MSIL's sister company Morgan Sindall Construction & Infrastructure is building St Flannan's Primary School.

North West

- North West, Priority School Building Programme: MSIL and its investment partner Equitix Limited, reached financial close on the Education Funding Agency's North West, Priority School Building Programme batch in March 2015. This is the third Private Finance 2 (PF2) batch of schools to close and has a capital value of £110 million. The batch consists of five secondary schools and seven primary schools which will benefit 8,144 pupils across the North West. MSIL's sister company Morgan Sindall Construction & Infrastructure is carrying out the design and construction of the schools which are located in Chester, Wigan, Blackpool, Birkenhead, Runcorn, Stockport and Manchester. The build programme is now well under way with eight schools handed over in 2016. A further four schools are due for completion before the start of the new school year in September 2017.

Central

- STRIDE Burton: Strategic Transformation Real Innovation and Delivery Excellence Limited Liability Partnership ('STRIDE LLP'), a joint venture between MSIL's health sector subsidiary, Community Solutions Partnership Services Ltd ('CSPS') and Arcadis LLP, was appointed by Burton Hospitals NHS Foundation Trust as its Strategic Infrastructure and Efficiency Partner ('SIEP') to deliver significant efficiency savings, infrastructure projects and refurbishment works, ranging from £50,000 to £50 million over a 10-year partnering agreement.

Work is now progressing on the major redevelopment of surplus Trust land to deliver a health care village providing a mix of primary care, social care and residential facilities which will support the local health economy as well as meeting the Trust's operational and financial objectives. The development will be phased over the next three years with the first phase due to close at the end of 2017. The team is also working with the Trust to develop a new main entrance and multi-storey car park to improve the on-site visitor parking as well as an enhanced visitor experience with retail and catering offerings and clear way-finding.

South

- Bournemouth Development Company: is a regeneration partnership delivering Bournemouth Council's Town Centre Vision. The LABV scheme has a development value of between £350 million and £500 million and is a 50/50 joint venture Public Private Partnership between the council and MSIL. Bournemouth Development Company is currently on site at Berry Court, a 113-unit private rented sector (PRS) scheme which is being delivered in partnership with Radian. The £27 million housing project will replace a council-owned surface car park, providing high quality contemporary homes alongside a new multi-level public and residents' car park. Planning has been approved for the St Stephens' site. The £12.5 million development will transform a council-owned car park into 46 much-needed apartments in the centre of Bournemouth.

- Slough Urban Renewal (SUR): is a 50/50 joint venture Public Private Partnership between Slough Borough Council and MSIL. The partnership is currently on site at its second residential development, Wexham Green, where 104 new homes will be built by Morgan Sindall's housebuilding business Lovell. SUR's first residential scheme, Milestone, a new development of 73 Lovell-built homes, has been successful with 75% of the homes sold in 2016.

The year saw the successful completion of The Curve building providing a 4,500m² library and cultural centre in the town centre. Phase 1 of Arbour Park Community Sports Facility was also completed in time for the start of the football season, providing a 1,950-spectator stadium and 3G sports pitch. Both community facilities were constructed by Morgan Sindall Construction & Infrastructure which has started work on three primary school extensions, a new leisure centre and a refurbishment of the town's ice arena. SUR is successfully progressing with a portfolio of small housing sites that will provide over 120 much-needed new council homes across 24 infill sites. Phase one of the small sites is currently being built by Borrass Construction and further phases are due on site in 2017. Morgan Sindall Construction & Infrastructure Special Projects is building 11 apartments on a brownfield site in Eschle Court, Elliman Avenue due for completion later this year.

"MSIL has undergone a year of change. We have entered a strategic partnership with Universities Superannuation Scheme Ltd

(USS) and we have seen success and maturity in our other partnerships which have continued to deliver the regeneration programmes of our public sector partners," says Lisa Scenna, managing director of Morgan Sindall Investments Limited. "We are committed to working with our partners and progressing our project pipeline in the year ahead."