

## News

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### Morgan Sindall Investments helps Parent Group's results



Project development and funding solutions specialist Morgan Sindall Investments Limited (MSIL) has contributed to half year results released today (8 August 2017) by parent company Morgan Sindall Group plc, the construction and regeneration group.

The Group has delivered strong profit growth in the first half of this year with operating profit up 37% to £24.9m (HY 2016: £18.2m) on revenue of £1,307m (HY 2016: £1,148m), a 14% increase on the previous half year. The Group reports an order book of £3,801m, a 5% rise from £3,637m. Adjusted earnings per share were up 46% for the period to 43.6p (HY 2016: 29.8p). The interim dividend has been increased by 23% to 16.0p per share (HY 2016: 13.0p) with the Group confident of another strong performance in the second half of the year.

“MSIL is making substantial progress in the market as a social infrastructure developer,” says Lisa Scenna, managing director of Morgan Sindall Investments Limited. “We continue to build strong relationships within our strategic partnerships which have continued to deliver the regeneration agendas of our public sector partners. MSIL has successfully entered a new market by reaching financial close on its first elderly extra-care development.”

Key large-scale investment projects for MSIL in the first half of 2017 include:

#### National

- Community Solutions Partnership Services: MSIL’s special purpose vehicle and property management company, Community Solutions Partnership Services, continued to work with its 18 health and education partnerships across England and Scotland. This included the successful handover in April of the Sub-Acute Ward at Crawley Hospital with construction partners Morgan Sindall Construction & Infrastructure. The second phase of the hospital’s Transforming Urgent Care Centre, is also due for completion this year.
- 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 13 in the

pipeline. HB Villages and MSIL also reached financial close in Northampton in June on their first elderly extra-care scheme, a £16 million development providing 80 apartments and communal space.

#### Scotland

- hub West Scotland: As the main private sector shareholder of the public private joint venture organisation hub West Scotland, MSIL is delivering over £376 million of infrastructure projects for 15 public sector partners across the Greater Glasgow and Clyde region. Earlier this year, hub West Scotland reached financial close on the £37.4 million Gorbals and Woodside Health & Care Centres, both of which are on site and being built by Morgan Sindall Construction.

#### 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 - with a capital value of £110 million - in March 2015. MSIL's sister company Morgan Sindall Construction & Infrastructure is carrying out the design and construction of the 12 schools in Chester, Wigan, Blackpool, Birkenhead, Runcorn, Stockport and Manchester. Eight were handed over in 2016 with the remaining four set to be completed before the start of the September 2017 school year.

#### 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 to deliver significant efficiency savings, infrastructure projects and refurbishment works, ranging from £50,000 to £50 million over a 10-year partnering agreement. In June this year, the trust approved, subject to contract, the granting of an option on the Outwoods site. This was following a concept design Community Solutions undertook for STRIDE on the development of a £55 million Health Care Village. Once the option is signed, Community Solutions will continue to develop this proposal to its completion.

#### London and South

- SHIP: Universities Superannuation Scheme Ltd (USS) and MSIL have formed a strategic joint venture, the Supported Housing Investment Limited Partnership (SHIP). It brings together USS, one of the largest pension schemes and real estate investors in the UK, with MSIL's market-leading expertise in social infrastructure development and investment. The partners will commit £100 million to SHIP, with USS providing 95 per cent of the capital and MSIL retaining a five per cent stake and acting as asset, property and portfolio manager. As the asset class matures, and provided that the market continues to offer suitable opportunities, the JV partners intend to increase the SHIP portfolio value to £200 million. SHIP will initially deliver over 500 new supported independent living apartments across the UK enabling vulnerable people with physical and learning disabilities to live as independently as possible.

- The Oxleas Property Partnership: MSIL signed this Strategic Estates Partnership last month (July) with Oxleas NHS Foundation Trust, a mental health and community health services provider based in south-east London which operates from around 60 sites. The partnership will help to optimise the estate, and develop surplus assets to help reduce costs and maximise revenue for the Trust over the next 10 years.

- 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 homes are being built by Morgan Sindall Group's housebuilding business Lovell. All homes are now sold on SUR's first residential scheme, a development of 73 Lovell-built homes completed in 2016.

In June, this year the Arbour Park Community Sports Facility was completed providing a 1,950-spectator stadium and 3G sports pitch. The refurbishment of the ice arena and construction of a new leisure centre have begun together with the refurbishment of two further leisure facilities which are being built by Morgan Sindall Construction & Infrastructure. Works are progressing well on three primary school extensions; the Priory School Special Education Needs project and a portfolio of small housing sites that will provide over 120 much-needed new council homes.

In July, SUR secured a deal with Cycas to develop two new Marriott International hotels on the former Central Library site. The 144-room affordable lifestyle Moxy Hotel and a 92-room extended-stay Residence Inn will be operated under a single lease in the same building. At Stoke Wharf, Slough Basin, the land assembly has been completed enabling the joint project team with urban waterfronts developer Waterside Places to proceed with securing planning consent.

- Bournemouth Development Company is a 50/50 joint venture regeneration public private partnership between Bournemouth Borough Council and MSIL which is delivering the Council's Town Centre Vision. The JV is currently on site at Berry Court, a 113-home private rented sector scheme - a redevelopment of a council-owned car park - being delivered in partnership with

affordable homes builder Radian. Planning has also been approved for the St Stephen's site, a council-owned car park set to be redeveloped through a £12.5 million scheme providing 46 apartments.

The land assembly has been completed enabling the project team to proceed with securing planning consent for the Winter Gardens site, a £150 million mixed-use scheme providing leisure, residential, restaurant and retail space along with parking facilities and public realm.