

# Progressive Property & Construction Daily



5 April 2022: CRST, TPGF, MRL, SDY

A round-up of market statements, news, economics and views from the property and construction sectors

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## Company news

**Crest Nicholson Holdings** (CRST, 277p, £704m mkt cap)

South East focused mixed tenure housebuilder. Intention to sign the Building Safety Pledge. The Group has cumulatively recorded £47.8m of net charges in respect of cladding remediation obligations since the year ended 31 October 2019. In addition, it is contributing to the Residential Property Developer Tax (RPDT), effective from 1 April 2022, to support the remediation programme of all affected buildings taller than 18m in the UK. In January the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced the Government's intention to widen and lengthen the definition of legal obligation on developers to fund the remediation of affected buildings from 11 -18m high. Failing to agree to these new guidelines would carry further consequences, implemented by DLUHC, that would impact the Group's ability to operate and trade normally within the housing market. These restrictions will be enacted in law through proposed amendments to the Building Safety Bill which is currently passing through Parliament. The group confirms that since January 2022 it has “engaged in intensive dialogue with DLUHC, coordinated by the Home Builders Federation acting on behalf of its members, to reach a solution that is acceptable to both parties and is in the best interests of all stakeholders”. These discussions culminated in DLUHC giving developers a deadline of 5 April 2022 to sign a Building Safety Pledge which commits signatories to these new remediation guidelines. The Board “today announces that it has confirmed to DLUHC its intention to sign the Building Safety Pledge, which it believes is in the best interests of the group, taking further steps to support those living in affected buildings. As a result of making these new commitments the group will need to record a further exceptional charge in its financial statements. This is a complex and judgemental area, and the group will

continue to work at speed to refine its latest estimate of these costs. As such the Board consider that a charge in the range of £80 - £120m currently represents its best estimate of this further liability. The group is also considering whether any further regulatory approvals are required in respect of this proposed charge and will provide any update on this and the exact amount to be recognised as soon as it is appropriate to do so". At 31 October 2021, the Group had net cash of £253m. "The cash outflows required to remediate the affected buildings will occur over several years". HY results, 14 June.

### **The Property Franchise Group** (TPFG, 346p, £113m)

Franchised lettings and estate agent group, enlarged through March 2021 acquisition of Hunters, also operating hybrid web-based EweMove platform. FY (Dec) results. Rev +118%, £24.0m; PBT +35%, £6.4m; adj EPS +61%, 27.0p; div +33%, 11.6p; net debt, £2.7m, after borrowing £12.5m to fund the acquisition of Hunters (FY 20, net cash, £8.8m). *Trading:* Sales agreed pipeline +73%, £26.5m; rental properties under management +28%, 74,000; franchisees added 1,270 tenanted managed properties through acquisitions.

### **Marlowe** (MRL, 909p, £882m)

Safety and compliance provider to commercial properties. Trading update and capital markets day (from 10:00). Trading currently "strong" and progress towards the group's FY 24 strategic and financial targets, are expected to be met "materially ahead of schedule". *Outlook:* "We see an exciting period of further development for all our franchisees in 2022. While we expect over the year we'll see sales activity return close to 2019 levels, so far we have seen continued high levels of demand for both sales and lettings, well above pre-pandemic norms. Aside from market conditions, we have great confidence that the execution of our strategic initiatives, alongside the benefit of a full year's contribution from our acquisitions, will underpin continued growth this year and beyond".

### **Speedy Hire** (SDY, 53p, £273m)

UK and Ireland tool, equipment and plant hire services provider. YE (Mar) trading update. *Guidance:* "The group expects to report results for the year in line with the Board's expectations". *Trading:* "The group has seen a continuation of the positive trading momentum achieved throughout the year, with UK and Ireland hire revenue for the year c. 5% ahead of FY 20. Hire revenue in Q4 FY 22 was c. 7% ahead of the corresponding period in FY2021, which now represents a more meaningful comparator. The Group's key end markets continue to deliver growth through demand-driven volume improvements, with better rates helping to mitigate inflationary cost pressures. Our investment in developing a retail business in partnership with B&Q has continued during the year. ". The group has invested c. £70m in the hire fleet during the year, accelerating its capital expenditure in response to continued strong demand and to mitigate supply chain pressure. Asset utilisation rates on enlarged hire fleet for FY2022, 57.0% (FY 20 - 55.5%). Net debt at 31 March less than £70m, inclusive of £6m spent to date under the share buyback scheme. FY results, 24 May.

*Prices are as at the previous day's close.*

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