

Progressive Property & Construction Daily



11 October 2022: SUR, VP., PRSR | News – High profile urban regenerator puts development on hold; Amey infrastructure arm sold after four years on the market

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

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Company news

Sureserve Group (SUR, 80p, £133m mkt cap) – *PERL provides research services to Shore Capital on this stock*

Social housing energy services group. FY (Sep) trading update. *Guidance:* “The group has continued to experience growth in revenue, earnings and cash flow and the Board therefore expects results for the year ended 30 September to be in line with management's expectations. This reflects solid operational performance despite inflationary pressures, against which the company has taken action, and remains confident it can continue to mitigate going forwards. Our order book provides good visibility of future earnings and our strong cash generation sets us up well to deliver on our growth targets”. *Trading:* Order book, for continuing businesses +16%, £585m. Net cash, pre-IFRS15 in excess of £23m (YE 21, £16.5m), with the £15m revolving credit facility remaining undrawn. Non-core businesses Sureserve Fire and Electrical and Precision Lift Services, continue to be held for sale; both are “performing well, thereby providing the opportunity to achieve the right price and the right buyer for each business”. FY results, 24 January 2023.

Vp (VP., 700p, £281m)

Construction equipment rental group. HY (Sep) trading update. *Guidance*: “The group is continuing to trade satisfactorily and has seen further growth in the first half. Whilst the near-term uncertainty in the economy is a factor, the Board anticipates reporting a full year result in line with its expectations”. *Trading*: “In the UK, housebuilding and infrastructure activity has been supportive throughout the period, whilst construction market conditions were stable. Housebuilding also provided positive demand in the first half of the financial year”. Cost inflation and supply chain disruption remain factors, but the group has started to see some improvement in lead times in recent months. “The International division has made good progress with both Airpac Rentals and TR Group delivering good growth on the prior year”. HY results, 29 September.

The PRS REIT (PRSR, 89p, £486m)

Real estate investment trust investing in private rental sector (PRS) family homes. FY (Jun) results. Rev +58%, £42.0m; PBT, £116m, inc £100m investment property valuation gains (FY 21, £44m inc £9.6m gains); NAV per share +18%, 116p. *Trading*: Number of completed homes, Sep, 4,856 (Jun 21, 4,786; Jun 21, 3,984). LFL rental growth, 5.1% Y/Y. *Outlook*: Now targeting 5,600 homes, providing over £1bn of assets with an anticipated rental income stream of £57.5m a year. we are well positioned to weather the current volatility. More than 60% of our long-term investment debt is at favourable fixed rates for an average 17 years, and the portfolio gearing is low at 31%. “The structural shortage of high-quality rental homes in the UK and rising demand against a backdrop of higher interest rates continue to demonstrate a need for our model of high-quality, professionally-managed single family rental homes”.

In other news ...

Urban development. High profile urban developer Urban Splash has reports improved a hike in pre-tax profit but has decided to rein in development amid fears over “lasting economic downturn”, Building ([link](#), paywall). The Manchester-based group, now operating in several northern and Midlands cities, reported turnover of £66.5m in the year to September, up 68% on the previous year, producing a pre-tax profit of £6m, up from £1.66m in 2020. The publication of the results comes after the multiple award-winning business also secured a £43.5m refinancing deal with Aviva investors, replacing a number of separate loans which had been due to expire this autumn. However, a “reduced risk appetite ... given unprecedented levels of uncertainty and the prospect of a lasting economic downturn” means the group was therefore “limiting its exposure to onsite construction activity taking a cautious approach to new development activity”.

Infrastructure. Spanish infrastructure giant Ferrovial has sold its Amey infrastructure services business to UK private equity group Buckthorn partners for £400m, four years after it first put it on the market, ConstructionEnquirer.com ([link](#)).

Prices are as at the previous day's close.

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