Progressive Property & Construction Daily

25 June 2024: CTO, LAND, WHR | News – Founder of private contracting giant to stand down as Chief Executive

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

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Company news

TClarke (CTO, 159p, £88m mkt cap)

Specialist electrical and building services contractor. Scheme of Arrangement becomes effective. The recommended cash offer by Regent Acquisitions, made on 16 April, has become effective and dealings in TClarke shares were suspended this morning. Regent Acquisitions is part of the Wider Regent Group, established in 1995, provides services to large consumers of gas across a range of sectors including, leisure, care homes, manufacturing, food production and retail. Prior to the 16 April announcement, R Regent Gas Holdings' latest disclosed holding in TClarke was 21.5%.

Land Securities Group (LAND, 630p, £4,689m)a

Leading UK commercial property investment, development and management group. Acquisition of an additional 17.5% stake in Bluewater. Landsec has acquired an additional 17.5% stake in Bluewater from GIC for £120m, increasing its ownership in the Kent retail centre to 66.3%. Based on the income Landsec's existing investment in Bluewater generated over the year to March 2024, this increases net rental income by £10.3m on an annualised basis. “This transaction is in line with Landsec’s objective to grow its investment in major retail destinations, recycling capital from its recent non-core disposals in an earnings accretive way”.

Warehouse REIT (WHR, 81p, £335m)

Specialist warehouse investor. Property sales. FY (Mar) results. Gross property income -1.5%, £47.1m; IFRS PBT, £34.3m (FY 23, loss £182.8m); adjusted EPS +2.1%, 4.8p; total div unch, 6,4p; EPRA TNAVPS, 124.4p (122.6p); LTV, 33.1% (33.9%); portfolio valuation, £810m (£829m). *Trading:* 103 lease events over 1.5 million sq ft securing £10.0m of contracted rent, 28.6% ahead of previous passing rents and 8.6% ahead of March 2023 ERVs. LFL growth in contracted rents, 5.1%, with portfolio reversion increased to 13.1%. £111m of asset sales exchanged or completed since 1 April; disposal plan near completion, focused on lower yielding, non-core assets. Occupancy at 96.4% with c.99% of FY2 4 rent already collected. Phase 2 of the Ventura Retail Park, Tamworth, acquired for £38.6m. *Outlook:* “We have largely delivered on out disposal plan. Thereafter, capturing reversion becomes our primary tool for rebuilding dividend cover. Looking forward, we believe attractive levels of rental growth will continue. We are also identifying opportunities to selectively make acquisitions of higher yielding warehousing assets. Retail warehousing represents a highly attractive opportunity at this time. We are very well placed to source value accretive opportunities in this space and the Ventura Retail Park is an excellent example of that. The company owns high-quality, strategically-located assets, but we are acutely aware that that is not reflected in the price at which our equity currently trades. We believe that rebuilding dividend coverage is an important first step in narrowing that discount and are confident the company has in place a strategy that will deliver this”.

In other news …

Ray O’Rourke will later this week step down as chief executive of Laing O’Rourke, one of the UK’s largest privately-owned contractors, which he founded five decades ago, ConstructionEnquirer.com. He will hand over the reins to his son Cathal O’Rourke, a graduate civil engineer who ran the Australian arm of the group for over a decade, and returned to the UK a year ago to become chief operating officer. Ray, aged 77, founded the business as a Essex-based formwork and concrete specialist, the year his son Cathal was born. The firm entered the main contractor league in 2001 when Ray bought a struggling Laing Construction for a £1. Since then he has been at the forefront of introducing modular and manufacturing approaches to construction. Ray had previously planned to float the Laing O’Rourke business by 2024, with his succession part of that process. While the group has grown steadily and achieved £3.6bn revenue last year, it year ran into problems with a costly legal dispute on a major project secured by the Australian business and operational losses in the UK. This saw it report a pre-tax loss of £288m last year postponing plans for a float. He will continue to serve on the group board as a deputy chair, alongside his brother and partner Des.

Prices are as at the previous day’s close. Where quoted, net debt is pre-IFRS16 (excluding leases) unless otherwise stated.