

Progressive Property & Construction Daily



8 February 2021: INL, AGK, LOK | Further gloom for high street property

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

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Company news

Inland Homes (INL, 64p, £147m mkt cap)

Leading brownfield developer, housebuilders and partnership housing group, focused on South and South East. FY (Sep) results (comparatives with 15 months to Sep 19). Rev -16%, £124m; PBT -85%, £3.7m; EPRA NAV +1.1%, £236m; EPRA NAVPS -8.5%, 104p (due to share placing); net debt -2.7%, £148m. Final dividend of 2.25p cancelled; “the board intends to resume the payment of dividends in the current financial year, provided there is no deterioration in the land and housing market”. Trading highlights: Two major land sales achieved at Wilton Park, Beaconsfield and Cheshunt Lakeside, Cheshunt; first two sales to build-to-rent' funds secured for £52.8m; land bank 11,045 plots (FY 19 7,796 plots) with anticipated GDV, £3.1bn; Private Housing completions +12%, 226; Partnership Housing rev -17%, £51.8m; Asset Management fees +31% £24.4m, comprising six live projects in Greater London with the potential to deliver more than 3,100 homes. *Strategy:* A primary focus in the year ahead will be growing the asset management division, a 'capital light' activity, with lower risk and potentially attractive returns. *Outlook:* “We start the new financial year with cautious optimism. We have used the flexibility in our diversified business model to adapt to the changing conditions, swiftly and decisively implementing a strategy of land focused activity to reduce costs, conserve cash and create opportunities for future growth. Predictions about Covid-19 cannot be made with any certainty but having taken measures to improve our financial security and deliver a more efficient business,

we are much better placed to manage this challenging environment. Whilst the short-term economic outlook remains unclear, the sustained levels of developer, investor, partner and private interest in Inland's land assets and homes reflect the fundamental shortage of high-quality, affordably-priced housing across the UK as well as the group's positioning in its markets".

Aggreko (AGK, 844p, £2,162m)

Global electrical generator hire and services group. Response to press speculation (from Friday afternoon). Confirms Aggreko has entered into discussions with a consortium of private equity groups TDR Capital and I Squared Capital (US) in relation to a possible cash offer for Aggreko at a price of 880p, to be adjusted for any dividend declared or paid. Based on Aggreko's closing share price yesterday, the proposal would represent a 39% premium. Aggreko stated "Discussions between Aggreko and the Consortium are ongoing. There can be no certainty either that an offer will be made or as to the terms on which any offer might be made". A further announcement will be made if and when appropriate.

Lok'n'Store Group (LOK, 665p, £196m)

UK self-storage group. HY (Jan) trading update. Self-storage revenue +11% Y/Y. At 31 January 2021 unit occupancy +24.7% Y/Y; occupancy 82% (HY20, 67%); price per sq. ft. -2.6%. "In supporting our customers, we have chosen not to implement price increases to our existing customers throughout the Covid-19 period". "We continue to make significant progress on our new store pipeline of 11 sites and we announced a detailed property pipeline update to the market last Tuesday 2 February. Work has commenced at four of these which are all scheduled to open by the end of 2021 or early 2022. This pipeline of new stores will add considerable momentum to sales and earnings growth over the medium term. More sites for further new store openings are being actively targeted". HY results, 26 April.

In other news ...

High street property. Online fashion retailer Boohoo has bought the remaining Arcadia brands of Dorothy Perkins, Wallis and Burton for £25m, but like previous purchasers of Sir Philip Green's former fashion empire, it has not purchased the stores, of which there are 214, Property Week ([link](#), paywall). Administrators have now sold all of Arcadia's brands, raising around £500m to pay off creditors. Last month Boohoo said it had bought the brand and website of department store chain Debenhams for £55m, but did not take on the company's 118 stores. Last week Boohoo's online rival Asos signed a £330m deal to buy Topshop, Topman, Miss Selfridge and HIIT but not the 70 stores and, according to The Guardian, an additional 50 stores are understood to have permanently shut since administrators were appointed in November. **Viewpoint:** Further evidence of the apparently grim outlook for high street property.

Projects. The British Library has unveiled details of plans to build a 800,000 sq ft extension to its King's Cross site in London, ConstructionEnquirer.com ([link](#)). The major new building complex is being brought forward by a JV development of Stanhope and Mitsui Fudosan UK. A significant part of the building will be developed as commercial office space allowing the British Library to develop the site, designed by Rogers Stirk Harbour

+ Partners, and take over 100,000 sq ft at no extra cost to the taxpayer. It will be sandwiched in a largely undeveloped 2.8 acres at the rear of the existing building and the Alan Turing Institute, creating a new 'Knowledge Quarter'. It will also include extensive underground enabling works at part of the site for the proposed Crossrail 2 station which would link the Euston and St Pancras stations to create a major transport interchange. **Viewpoint:** Looks and sounds impressive, hopefully it will be in less time than the original, which was completed in 1997 after a 35-year saga of political wrangles, budget overspending and design problems.



Prices are as at the previous day's close.

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