

Progressive Property & Construction Daily



6 April 2021: NMCN, HSV, IHR | News - private equity giant enters student housing market; JV formed to develop retirement villages; London's shrinking gardens

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

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Company news

nmcn (NMCN, 270p, £28m mkt cap) – *NMCN is a client of PERL*

Construction and engineering services company. Financing update. Further to the announcement of 31 March, Lloyds Bank has provided the company with a new £12.5m overdraft facility. In addition, it has entered into a term sheet for a finance package secured against the company's property development projects which it expects to close in mid-April. A further update will be made in due course.

Homeserve (HSV, 1,212p, £4,073m)

International home repairs and improvements provider. FY (Mar) trading update. *Guidance:* Adj PBT expected to be around £191m (FY20: £181m), "in line with consensus expectations". *Performance:* In the Membership division, North America organic customer numbers grew by 7% to 4.7 million. As expected, the UK saw higher income per customer from a smaller customer base, ending the period -11% at 1.6 million customers. Membership retention rose from 82% to 83%. The group's buy-and-build strategy in heating, ventilation & air conditioning (HVAC) continued in the second half, with a further 13 acquisitions taking the total to 22 for the year (FY 20, 15). In Home Experts, Checkatrade finished the year +13%, 44,000, paying trades and a further

71,000 trades on the platform. eLocal sustained its strong momentum from the first half and the Directory Extra model was implemented at Habitissimo. *Finances*: YE net debt, c.£530m on an IFRS 16 basis (FY 20, £509m), c. 1.8x EBITDA, with strong cashflow in the Group's seasonally busier second half partially offset by further HVAC M&A. HY results, 18 May.

Impact Healthcare REIT (IHR, 114p, £365m)

Real estate investment trust with a diversified portfolio of UK healthcare real estate assets, led by care homes. Intention to raise targeted gross proceeds of approximately £50m by way of a placing at a price of 111.5p. The issue price represents a premium of 1.8% to the NAV of 109.6p as at 31 December 2020. The board reserves the right to increase the size of the placing with the maximum number to be issued at 63.8 million shares, 20% of the existing share capital. The net proceeds of the Placing will enable the Company to repay amounts drawn under its revolving credit facilities and to fund new investments in line with its investment policy, which are expected to deliver further value for its shareholders. The immediate use of proceeds will be to reduce drawn down debt. Assuming the placing raises £50m, the loan to value ratio would be reduced to circa 10%, from 17.8%, as at 31 December 2020. The Group would then have £100m of cash and undrawn debt facilities to finance acquisitions and asset management opportunities. The Investment Manager, on behalf of the company, has identified a near-term pipeline of potential investments, which total approximately £200m including expected costs and a longer term pipeline in excess of £150m. The near-term pipeline comprises 52 homes and could potentially add four new tenants to the Group.

In other news ...

Student accommodation. US private equity group Lone Star has made its first investment in the UK purpose-built student accommodation (PBSA) sector with the acquisition of a 2,621-bed portfolio, according to an exclusive report in Property Week ([link](#), paywall). The off-market transaction, understood to be worth around £315m, is the largest PBSA deal so far this year and Lone Star's first in the sector. The owner of McCarthy & Stone and Quintain owner has acquired four "high end" student blocks in Cardiff, Hatfield, Sheffield and Swansea. The buildings in Cardiff and Hatfield are built and operational, while the properties in Sheffield and Swansea have been acquired in forward funding deals. The vendor is understood to be Fusion Students.

Retirement housing. London developer Galliard Homes, contractor O'Shea and retirement living specialist Probitas Developments have entered into a partnership to deliver retirement villages across the south east, ConstructionEnquirer.com ([link](#)). They have unveiled plans for their first scheme a new six acre retirement village of 65 new homes in Lower Shiplake to the north east of Reading, consisting of a range of one and two bedroom apartments, cottages and penthouse style homes all with either balconies, terraces or private gardens, set in landscaped communal gardens and grounds. Other sites for villages of up 150 homes are being targeted in Tunbridge Wells, Bournemouth, York, Worthing and Brighton. As a broad guide, the new homes will typically be priced from around £400,000 up to circa £900,000.

Garden sizes. Stamp duty and home working have led to London being the only place in Britain where garden space is getting smaller because people are adding extensions instead of moving, according to the Daily Telegraph ([link](#), paywall). Ordnance Survey data shows garden space in the capital has shrunk over the past decade as families extend their houses rather than take the cost of moving for more space. Across Britain, garden space grew by 5% between 2011 and 2021 – but shrunk by 4% in London. Some of that decline took place over the past year, with new home offices and sheds cutting into gardens by a further 0.4%, the data shows. Stamp duty on homes worth more than £937,000 became more expensive following a 2014 reform, with the tax on houses worth less than that falling. The mapping agency collected the data through aerial photographs, which show how Britain's land use has shifted over the past 10 years. Outside London, housing estates built at the edges of towns and cities add new garden space because developers include generous gardens with new homes.

Prices are as at the previous day's close.

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