Bridgepoint set to purchase Miller Homes in £655m deal

■ Sale comes after a planned £450m flotation of the housebuilder on the LSE three years ago was shelved

BY ANDREW DON

Bridgepoint has agreed to buy Miller Homes, one of the UK's largest housebuilders, for about £655m using funds managed by GSO Capital Partners, Blackstone's global credit investment platform.

Miller Homes was part of the wider Miller Group, which was taken over by a consortium led by GSO in a complex refinancing in 2011 after the business fell into difficulty in the wake of the financial crisis.

The housebuilder's fortunes have since improved dramatically. Miller Homes reported a 13% increase in revenue to £565m and a 31% increase in operating profit to £103m in 2016, marking the first time the company's operating profit has exceeded £100m.

Jamie Wyatt, a partner at Bridgepoint, the European private equity house that owns Pret A Manger and Fat Face in the UK, said the outlook for Miller Homes continued to be positive.

Round the houses: Miller Homes' Flaxton Court residential scheme in Bradford

"The UK regional markets in which Miller operates are in good health with a positive sales environment and an attractive land-buying market," he said.

The sale to Bridgepoint comes after a planned £450m flotation of Miller Homes three years ago on the London Stock Exchange failed to materialise. The housebuilder shelved the plans in October 2014, blaming market volatility.

Shortly before the float plans were pulled, Miller Group's construction arm Miller Construction was sold to Galliford Try for £16.6m.

Miller Developments, which is a land and property development company, is still owned by the GSO consortium. It was rumoured in 2015, when Miller Developments' chief executive Phil Miller stepped down, that a deal to sell the business had been explored.

Miller Developments sold its Edinburgh headquarters Miller House to Aprirose last year for £10m.

Bridgepoint undertook its purchase of Miller Homes through Bridgepoint Europe V, a €4bn (£3.6bn) pan-European fund. Most of the other major UK housebuilders are listed. Rumours surfaced late last year that Chinese developer Evergrande Group was in talks to buy Cala Homes, one of the only other major privately owned housebuilders. No deal for the group, which is owned by Legal & General and Patron Capital, has been agreed.

Inspired lands development finance

Inspired Asset Management has landed development finance deals for two residential schemes in the home counties worth £27m, just two weeks after funding its biggest scheme to date in Croydon.

The developer has secured £15.1m for Bridge House (pictured), a 61-apartment scheme in Chertsey, through a £12.9m senior loan from Amicus Property Finance, arranged by Arc & Co, and a £2.2m preferred equity deal with Grasslake UK Investments.

In the second deal, it has lined up a £3.9m senior loan from Octopus, also arranged by Arc & Co, for a 25-unit build-to-rent scheme in Farnborough town centre as well as £1.3m in mezzanine finance from a private funder, arranged by Savills.

"Now that we have funding in place, we hope to start construction imminently," said Jeremy Beck, development director at Inspired Asset Management.

It comes a fortnight after Inspired secured £61.1m in development finance for the redevelopment of Impact House in Croydon for a 235-flat scheme (see p18).

ANDREW SMITH - SG PHOTOGRAPHY

CBRE and JLL reveal positive trading

CBRE and JLL have both reported improved trading figures for Europe, the Middle East and Africa (EMEA) in their second-quarter results.

CBRE reported 8% growth in EMEA local currency revenues. It did not disclose its UK growth figures, but said that activity levels continued to "rebound strongly from the impact of last year's Brexit vote".

CBRE's EMEA chief executive Martin Samworth said: "Our revenue gains included double-digit growth across the majority of our service lines and geographies.

"Notably, countries including Belgium, France, Germany, Italy, the Netherlands and the UK all performed particularly strongly, boosted by a number of significant capital markets transactions."

JLL reported 32% revenue growth in EMEA boosted by the impact of its acquisition of Integral. Its capital markets and hotels division in EMEA also showed an improvement with local currency revenue up 10%, while leasing revenues climbed 7%.

However, both companies' reported figures were hit by the fall in the value of the pound. CBRE's EMEA revenues were flat when converted into US dollars while JLL's growth was 23%.

While JLL's growth was stronger than CBRE's as a result of the Integral deal, its profit figures were weaker. CBRE posted adjusted EBITDA growth of 15% in US dollars while JLL reported a fall of 13%, which it said reflected "a shift in service mix associated with the continued integration of Integral together with continued increases to investments in data, technology and people".