

Property

Limited investment in the year. Focus on disciplined capital allocation.

The Property business develops primarily mixed-use commercial and residential schemes and sites across the UK.

Revenue increased 8% compared to the prior year as the easing of COVID-19 related problems resulted in an increased number of assets being sold during the second half of FY21.

Adjusted operating profit increased from £(3.2)m to £5.7m due to increased completions, prior year comparatives reflecting COVID-19 costs and £3.9m from the alignment of accounting treatment for forward funding-arrangements which, although increased adjusted operating profit, had no impact on statutory profit. The business has had limited investment over the last two years. The focus is to slowly expand the Property business through select investments and a disciplined capital approach.

Arena Central



The challenge

Arena Central was being developed to provide a truly mixed-use location in the heart of Birmingham city centre, to meet the city's demand for high-quality office space and city centre residential accommodation. The major redevelopment included 10 buildings consisting of offices, shops, bars, cafés, restaurants and a hotel.

The solution

As part of a major redevelopment in Birmingham's city centre, Kier Property secured the purchase of Arena Central Developments in 2019. This significant regeneration project provided Kier Property with the rights to develop the remaining four phases of the site's existing master plan. The first of these four new phases was the prelet and forward funded 240,000 sq ft office building at 3 Arena Central to HMRC which was successfully completed in November 2020. The remaining elements of the development include a further three office buildings, totalling 526,009ft², which will be delivered over the next five to seven years.

The impact

Since the development started in 2016, seven buildings have been completed and occupiers like HMRC, HSBC and Holiday Inn have all located within this truly mixed-use development in the heart of Birmingham city centre. As part of the next phases of development, Arena Central will continue to provide Birmingham city centre with additional office space, employment and residential opportunities as we see England's second biggest city continue to grow.

Highlights

- › Our Solum Regeneration joint venture (between Kier Property and Network Rail) has sold the last two phases of its Twickenham Gateway development scheme
- › We secured a prelet to Leonardo hotels on a 35-year lease for a 284-bed hotel on our Pall Mall development in Liverpool

Completed

240,000 ft²

development at Arena Central

Operational highlights

Revenue (£m)

2020	124
2021	134

Adjusted operating (loss)/profit (£m)¹

2020	(3.2)
2021	5.7

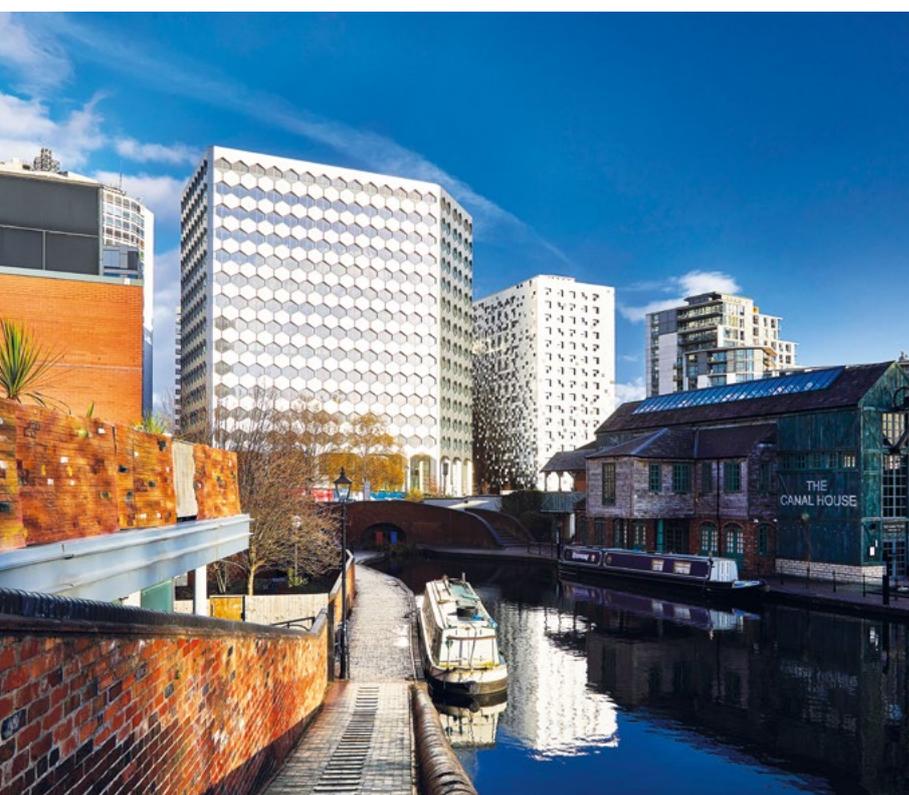
Adjusted operating margin¹

2020	(2.6)%
2021	4.3%

Reported operating (loss)/profit (£m)

2020	(21.7)
2021	2.3

¹ Stated before adjusting items and amortisation of acquired intangible assets.



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Corporate

The Corporate segment comprises the costs of the Group's central functions. We continued to see year over year reductions in central costs, including further savings in FY21 as the implementation of the Group's cost reduction programme continues to deliver benefits.

Operational highlights

Adjusted operating loss (£m)¹

2020	(30.3)
2021	(27.4)

Reported operating loss (£m)

2020	(131.0)
2021	(40.7)

Kier Living

The results for Kier Living for the period are classified as discontinued. Kier Living's adjusted operating profit for the period of ownership was £5.3m (FY20: loss £(5.4)m), as the smaller reorganised business recovered from COVID-19 related losses.

On 16 April 2021, the Group announced that it had entered into an agreement for the sale of Kier Living. The transaction was approved by shareholders at a General Meeting held on 7 May 2021 and was completed on 28 May 2021. The sale resulted in a loss on disposal of £(12.1)m.

¹ Stated before adjusting items and amortisation of acquired intangible assets.