

Progressive Property & Construction Daily



12 September 2023: INL, HWG, TPGF, WIX

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, shares suspended)

Leading brownfield developer, housebuilders and partnership housing group, focused on South and South East. Breach of loan covenant. "Inland Homes announces that it has advised HSBC that it considers that its subsidiary Inland Homes Developments Ltd is in breach of certain historic and forward looking covenants in relation to a debt facility of £13.6m provided to that company. The facility is guaranteed by Inland Homes plc. The total amount drawn under this facility from HSBC to date is approximately £11m. Inland Homes plc is in active discussions with HSBC regarding waivers for the breaches and a further announcement will be made in due course".

Harworth Group (HWG, 106p, £342m mkt cap)

Land regeneration group, including in former coalfields. HY (Jun) results. Total return, 0.1% (HY 22, 14.1%); op profit, £8.0m (£99.9m); EPRA NDV, 196p (225p); interim div, 0.44p (0.40p); net debt, £63.7m (£67.8m); net loan to portfolio value, 8.6% (7.6%). *Trading:* "Harworth's first half performance reflected good progress against strategic objectives, coupled with a strong operational delivery, which highlights the resilience of our through-the-cycle model, and sustained demand for our serviced residential land and industrial & logistics assets. In residential, we continue to transact with a range of housebuilders, both national and regional,

alongside progressing our alternative product offerings, including build-to-rent [BTR] and affordable housing. The industrial & logistics market has stabilised over the period, albeit transactions are taking longer to complete, and the BTR market is experiencing sustained demand. However, interest rate rises, cost inflation and planning delays are all impacting the housebuilders. House prices have remained reasonably resilient supported by reduced volumes of new build. While land buying is subdued and selective, we are seeing a good level of demand for our de-risked consented serviced land product". *Outlook:* "For the industrial & logistics market, the structural drivers of demand remain largely intact, while supply remains constrained, particularly for Grade A energy efficient buildings and across our regions where supply represents less than a year of demand. For residential, while affordability challenges are weighing on house buyer demand, our sites are located in the more affordable regions and housebuilders remain attracted to our serviced residential land product, which is ready to build on from day one. At the same time, our increasingly diversified residential products range will provide exposure to significant growth markets".

The Property Franchise Group (TPFG, 280p, £90m)

Franchised lettings and estate agent group, enlarged through 2021 acquisition of Hunters, also operating hybrid web-based EweMove platform. HY (Jun) results. Rev +1%, £13.2m; adj PBT +3%, £5.3m; stat PBT +9%, £4.2m; adj EPS -1%, 13.9p; interim div +10%, 4.6p; net cash, £0.7m (HY22, net debt £2.6m). *Trading:* Sales agreed pipeline -16%, £28.4m; rental properties managed +4.1%, 77,000. *Outlook:* "We expect the current market conditions to continue through H2, with a strong lettings market and subdued sales market. The lettings market has shown no signs of cooling, with the lack of supply continuing to increase demand and drive up rents. We have seen double digit growth in H1, a trend we expect to see for the foreseeable future. The UK sales market is proving to be more resilient than many commentators had been predicting. We have seen an improvement in sales completion times post period end, with HMRC data for June and July showing an encouragingly positive trend, something we have seen continue through into August. With substantial growth opportunities ahead, we are well positioned to capitalise upon them. We are particularly excited by our enhanced digital marketing capabilities and improved data usage to support our growth and we expect to start to see the results of this in the next calendar year. The second half has traditionally generated higher revenue and profits, and the second half to date appears to be following the same trend. The Board is confident that trading remains in line with expectations for the full year".

Wickes Group (WIX, 139p, £359m)

UK DIY retail chain. HY result (Jun). Rev +0.7%, £828m (-0.8% LFL); adj PBT -25%, £31.1m; stat PBT -37%, £21.1m; adj EPS -29%, 9.4p; interim div unch, 3.6p; net debt, IFRS16 net debt, £481m (HY 22, £559m). *Trading:* Selling price inflation continued to moderate over the period, in line with supply chain inflation. Selling price inflation was 9% in the first quarter, and 4% in the second. "Our key consideration remains to be competitive across a basket of popular items, with prices on average 2-3% below peers before the 10% TradePro discount". *Outlook:* "Trading in July and August has been in line with our expectations, and we continue to expect full year adjusted profit before tax in line with market. Our next trading update for the third quarter is scheduled for the end of October".

In other news ...

Retail construction. German discounter Aldi has re-committed to its long-term target of building a further 500 stores after opening its 1,000th in Woking, Surrey, [ConstructionEnquirer.com](https://www.constructionenquirer.com). Aldi is now Britain's fourth biggest grocer and the fastest-growing supermarket in the country. It will open another 20 new stores before the end of the year, as part of its £1.3bn two-year investment plan. According to the group, 1,500 "is a long-term target and is not a ceiling to our ambition". Aldi opened its first UK store in Stechford, Birmingham, in 1990.

RAAC concrete. Parts of East Anglia University have been closed over failing concrete fears, [Building](#) (paywall). The University of East Anglia has closed the distinctive grade II*-listed student accommodation terraces, known as the Ziggurats, until further notice and students will be moved to alternative sites.

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

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