

# Progressive Property & Construction Daily



2 October 2023: RNWH, INLZ, HOME | Economics – House prices stabilise, Nationwide

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

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## Company news

**Inland ZDP** (INLZ, 47p, £8.5m mkt cap)

Company ('ZDPCo') formed to issue zero dividend shares and lend the proceeds to Inland Homes (INL, shares suspended) for use in its property development and housebuilding business. Update on Administration of Inland Homes. "The Articles of ZDPCo provide for it to be liquidated on 10 April 2024 and for the payment of a Final Capital Entitlement of 201.4p to the holder of each ZDP Share at that time. The arrangements between Inland and ZDPCo include a Contribution Agreement making Inland responsible for ZDPCo's costs and expenses and for the payment of the Final Capital Entitlement, together with Loan Notes and security documentation under which Inland is committed to providing first charge security over "Pledged Assets" with a book value of 120% of the accrued value of the ZDP Shares (less any cash held in a pledged bank account). The book values used for the security cover covenant have historically been on a 'going concern' basis. Consequently they do not reflect the value obtainable in a forced sale which could be lower. The prospective Administrator and Inland have agreed to advance funds to cover the costs of the provision of independent legal advice to ZDPCo. The accrued capital entitlement due to ZDP Shareholders as at 30 September 2023 is £35.3m. The present Pledged Assets, comprise: a loan by Inland Limited to Cheshunt Lakeside Developments, a joint venture company which owns a substantial consented site. CLDL has secured borrowings which rank in priority to the unsecured loan due to Inland Ltd and other unsecured creditors. The loan to Inland Limited, which has been pledged to ZDPCo, ranks ahead of the equity interests in CLDL; modular housing units owned by Hugg Homes Ltd charged directly in favour of ZDPCo; and a loan by Inland Limited to High Wycombe Developments Ltd, a company owning three commercial units. This loan is unsecured but there are no prior ranking charges over the property assets. There are certain

amounts due to unsecured creditors ranking pari passu with the pledged loan from Inland. Next steps. When the Administrators are appointed to Inland, they will work with the directors and other parties to determine the liabilities of relevant Inland companies. Working with relevant parties, including secured lenders such as ZDPCo, a realisation process is then expected to be conducted. The proposed Administrators have already received expressions of interest in various assets of the Inland group. However, until the realisation process is underway it is not possible to predict the extent of recoveries of amounts owed to ZDPCo or the timing thereof”.

### **Renew Holdings** (RNWH, 713p, £564m)

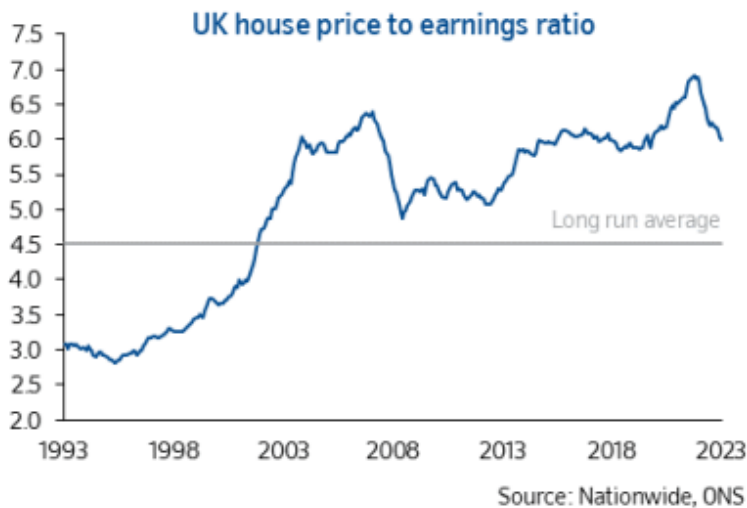
Engineering services group supporting UK infrastructure. FY (Sep) trading update. *Guidance:* “Continued robust demand across our end markets combined with the company’s ability to successfully navigate ongoing inflationary pressures has resulted in the Board expecting to report revenue and operating profit for the year marginally ahead of market consensus [rev, £927.9m; adj op profit, £62.3m; pre-IFRS 16 net cash, £31.5m] reflecting Renew’s resilient and differentiated business model. The Company’s balance sheet continues to be strong with net cash, at 30 September, anticipated to be ahead of market expectations. The Board looks to the year ahead with confidence, with the group well positioned to continue to benefit from the UK’s committed infrastructure spend. Renew’s exposure to long term operating budgets continues to provide demand across our core markets”.

### **Home REIT** (HOME, shares suspended)

Real estate investment trust funding the acquisition and creation of properties providing accommodation to the homeless. Monthly update on stabilising the property portfolio and financial condition of the Company. Includes details on: Portfolio assessment and tenant engagement; rent collection, financial position and related matters; shareholder engagement and Board succession.

## **Economic data**

**House prices.** Leading mortgage lender [Nationwide](#) reports that house prices were unchanged M/M, seasonally-adjusted in September, at £257.808, following a 0.8% fall in August, while the Y/Y decline was unchanged at 5.3%. The cumulative fall since the peak in August 2022, is 5.8%. Affordability is improving (see below) but Nationwide points out that “someone earning an average income and purchasing the typical first-time buyer home with a 20% deposit would spend 38% of their take home pay on their monthly mortgage payment – well above the long-run average of 29%”.



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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