



Investor Trading Update

Q2 2021/22



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The information is believed to be in all material respects accurate, although its accuracy is not guaranteed. This information has not been independently verified and does not purport to contain all the information required by an investor to make an investment decision, and is not intended to provide the primary basis for any investment-related decision.

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Any future looking statement is based on current reasonable assumptions by The Wrekin Housing Group Limited. The accuracy and completeness of all such statements is not warranted or guaranteed. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Actual outcomes and results may differ and investors are cautioned not to place undue reliance on forward looking statements.

Q2 Revenue Account Summary

- Strong financial performance to date with operating margin of 29% and projected surplus £4m above budget
- All covenants and Board-set golden rules met (YTD and projected)
- The good YTD operational performance results from low void rates (YTD – 0.58%) and lower than expected repairs costs to date (external contractors experiencing supply chain issues)
- Projected results benefit from strong sales of assets (projection is £3m above budget), however, due to lower than budgeted care income, operating surplus is projected at 24%, although this is considered a conservative forecast

2021/22 2021/22
Q2 Projected

Statement of Comprehensive Income

Total Income	£'000	48,643	97,389
Social Housing Lettings Turnover	£'000	38,890	76,844
<i>% of Total Income from SHL</i>	%	80%	79%
Sales of Assets Turnover	£'000	3,536	8,751
<i>% of Total Income from Sales Activities</i>	%	7%	9%
Care Activities Turnover	£'000	3,108	6,113
<i>% of Total Income from Care Activities</i>	%	6%	6%
Other Activities Turnover	£'000	3,109	5,681
<i>% of Total Income from Other Activities</i>	%	6%	6%
Operating Surplus	£'000	14,096	23,120
<i>Operating Margin</i>	%	29%	24%
Total Surplus	£'000	8,581	12,107
<i>Total Margin</i>	%	18%	12%

Key Financial Ratios

EBITDA MRI interest coverage - Annual (projected)	Times		2.15x
Gearing - Current	%	65%	

Q2 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of over £120m and £25m retained bonds
- Work is ongoing to prepare unencumbered assets for charge (1,016 homes), but current drawn funds are adequately covered by charged properties and cash on deposit
- Cash generation is positive with £18m being generated from £14m operating surplus, helping to fund development activity and financing costs
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to 2025

2021/22
Q2

Liquidity & Debt

Drawn Debt	£'000	479,000
Undrawn Debt	£'000	127,000
Cash	£'000	25,759
Total WHG owned and managed properties	Homes	13,091
Unencumbered security	Homes	1,016
YTD Cash flow from Operating Activities	£'000	18,169
Cash conversion ratio		1 : 1.29

Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities

Average cost of funds	%	3.13%
Gearing	%	65%
Debt to Revenue (projected full year)	Times	4.92

Q2 Development Summary

- Development delivery continues to meet business plan forecasts, with 128 delivered by Q2 and 480 new homes projected for 2021/22
- Shared ownership sales are at a comparatively low level (£1m YTD), reducing risk for the Group, and no further projections are made in order to ensure any new homes can be financially viable as rented social housing
- The Asset Renewal Programme continues to subsidise development activity with 27 sales and a number of deposits to date, and 101 projected for the year
- The sales have attracted higher than budgeted market values (£95k per home inc deposits v budget of £55k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery

		2021/22 Q2	2021/22 Projected
<i>Development & Asset Sales</i>			
New homes completed	Number	128	480
Net development spend	£'000	19,199	41,895
Shared ownership sales	Number	14	
Homes unsold	Number	5	
<i>Homes unsold for longer than 6 months</i>	<i>Number</i>	<i>0</i>	
Asset Renewal Sales	Number	27	101
Asset Renewal Sales income	£'000	2,576	7,790
<i>Average sales value per home</i>	<i>£'000</i>	<i>95</i>	<i>77</i>



Key Contacts

For further information or queries please contact:

Jon Lamb, Executive Director of Finance

jon.lamb@wrekin.com

Richard Nowell, Head of Financial Planning & Treasury

richard.nowell@wrekin.com