



Investor Trading Update

Q3 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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Q3 Revenue Account Summary

- Financial performance to end of Q3 has been strong, with a YTD operating margin of 27% and a projected surplus £4m above budget
- All covenants and Board-set golden rules met (YTD and projected)
- The good YTD operational performance results from healthy asset sales and lower than expected repairs costs (partly due to external contractors experiencing supply chain issues)
- Despite the additional income from sales strong sales of assets (projection is £3m above budget) the projection is for an operating surplus of 25%, partly due to lower than budgeted care income and an impairment charge of £1.7m

		2021/22 Q3	2021/22 Projected
<i>Statement of Comprehensive Income</i>			
Total Income	£'000	74,125	97,069
Social Housing Lettings Turnover	£'000	58,090	76,422
<i>% of Total Income from SHL</i>	%	78%	79%
Sales of Assets Turnover	£'000	6,915	8,762
<i>% of Total Income from Sales Activities</i>	%	9%	9%
Care Activities Turnover	£'000	4,606	6,013
<i>% of Total Income from Care Activities</i>	%	6%	6%
Other Activities Turnover	£'000	4,514	5,872
<i>% of Total Income from Other Activities</i>	%	6%	6%
Operating Surplus	£'000	20,231	24,180
<i>Operating Margin</i>	%	27%	25%
Total Surplus	£'000	11,429	11,476
<i>Total Margin</i>	%	15%	12%

Key Financial Ratios

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

Q3 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of over £120m
- The Group sold £25m retained bonds in November 2021 at gilts of 1.012% and a spread of 95bps, resulting in gross proceeds of £27.8m
- Work is ongoing to prepare unencumbered assets for charge (1,085 homes, c £52m estimated security value)
- Current drawn funds are adequately covered by charged properties
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to 2025

		2021/22 Q3	Security Headroom £'000
<i>Liquidity & Debt</i>			
Drawn Debt	£'000	485,500	
Undrawn Debt	£'000	120,500	
Total Facilities	£'000	606,000	88,059
Cash	£'000	31,974	
Total WHG owned and managed properties	Homes	13,225	
Unencumbered security	Homes	1,085	
Estimated security value	£'000	51,592	51,592
YTD Cash flow from Operating Activities	£'000	24,629	
Cash conversion ratio		1 : 1.22	
 <i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	3.17%	
Gearing	%	65%	
Debt to Revenue (projected full year)	Times	5.00	

Q3 Development Summary

- Development delivery is forecast to slip this year as a couple of big schemes have moved into Q1 2022/23 in terms of delivery
- 158 new units delivered by Q3 and 315 new homes projected for 2021/22
- Shared ownership sales are at a comparatively low level (£1.3m 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 61 sales and a number of deposits to date, and 85 projected for the year
- The sales have attracted higher than budgeted market values (£92k 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 Q3	2021/22 Projected
<i>Development & Asset Sales</i>			
New homes completed	Number	158	315
Net development spend	£'000	27,429	41,812
Shared ownership sales	Number	17	
Homes unsold	Number	6	
<i>Of those, no of homes unsold for longer than 6 months</i>	<i>Number</i>	<i>1</i>	
Asset Renewal Sales	Number	61	85
Asset Renewal Sales income	£'000	5,641	7,488
<i>Average sales value per home</i>	<i>£'000</i>	<i>92</i>	<i>88</i>



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