



# Investor Trading Update

## Q4 2022/23



# Disclaimer

*This publication of unaudited financial results is for information purposes only, to aid the funders and stakeholders of The Wrekin Housing Group Limited in coming to their own evaluation of the Group.*

*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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# Q4 Revenue Account Summary

- The Group recorded an operating surplus of £21.4m, which was £0.5m below budget
- The operating margin was 21%
- The Group recorded a total surplus of £3.2m against a budget of £5.3m
- The results met all funder covenants with headroom
- High cost inflation and interest rates created a challenging environment, but asset sales mitigated some of those impacts
- Void rates and agency staff costs continue to challenge our care & support activities with the Group, recording a deficit of £2.9m in that operating area, but plans are in motion to actively reduce the losses going forwards

2022/23  
Q4 YTD

***Statement of Comprehensive Income***

<b>Total Income</b>	<b>£'000</b>	<b>103,045</b>
Social Housing Lettings Turnover	£'000	81,058
<i>% of Total Income from SHL</i>	%	79%
Sales of Assets Turnover	£'000	10,212
<i>% of Total Income from Sales Activities</i>	%	10%
Care Activities Turnover	£'000	6,025
<i>% of Total Income from Care Activities</i>	%	6%
Other Activities Turnover	£'000	5,750
<i>% of Total Income from Other Activities</i>	%	6%
<b>Operating Surplus</b>	<b>£'000</b>	<b>21,428</b>
<i>Operating Margin</i>	%	21%
<b>Total Surplus</b>	<b>£'000</b>	<b>3,230</b>
<i>Total Margin</i>	%	3%

***Key Financial Ratios***

EBITDA MRI interest coverage - Annual (projected)	Times	1.3x
Gearing - Current	%	64%

# Q4 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of £83m
- Work is ongoing to prepare unencumbered assets for charge (1,590 homes, c £83m estimated security value)
- Recent revaluations and reductions in mark to market values have given charged pots significant headroom (£100m excess in total)
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to September 2025 (29 months)
- The majority of the Group's debt (75%) carries a fixed rate of interest limiting our exposure to rising interest rates

		2022/23	Security
		Q4 YTD	Headroom
			£'000
<b><i>Liquidity &amp; Debt</i></b>			
Drawn Debt	£'000	523,000	
Undrawn Debt	£'000	83,000	
<b>Total Facilities</b>	<b>£'000</b>	<b>606,000</b>	<b>100,373</b>
Cash	£'000	31,166	
Total WHG owned and managed properties	Homes	13,351	
Unencumbered security	Homes	1,590	
Estimated security value	£'000	82,938	82,938
<i>Total security headroom available</i>			<u>183,311</u>
YTD Cash flow from Operating Activities	£'000	40,149	
Cash conversion ratio		1 : 1.87	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	4.07%	
Gearing	%	64%	
Debt to Revenue (projected full year)	Times	5.08	

# Q4 Development Summary

- Development delivery has slipped behind budget with some of our contractors struggling to deliver, especially where cost pressures are rising well above CPI
- Some requested variations on previously contracted scheme costs are being considered on a case-by-case basis
- The Board have agreed to allow flexible delivery of our current programme, with the target end date moved from 2025 to 2026 to allow for a value for money approach to new business
- In 2022/23 479 new units were delivered (budget: 601 homes)
- Proceeds from shared ownership sales were at a higher level compared to previous years (£2.6m)
- The Asset Renewal Programme continues to subsidise development activity with 76 sales made in the year, generating proceeds of £7.6m
- The sales have attracted higher than budgeted market values (£100k per home inc deposits v budget of £68kph), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery

**2022/23**  
**Q4 YTD**

***Development & Asset Sales***

New homes completed	Number	479
Net development spend	£'000	56,557
Shared ownership sales	Number	39
Homes unsold	Number	5
<i>Of those, no of homes unsold for longer than 6 months</i>	Number	0
Asset Renewal Sales	Number	76
Asset Renewal Sales income	£'000	7,609
<i>Average sales value per home</i>	£'000	100





# Key Contacts

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