



Investor Trading Update

Q1 2023/24



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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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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.



Q1 Revenue Account Summary


- The Group recorded a YTD operating surplus of £6.2m and is projecting a year end operating surplus of £27.7m, which is £3.1m above budget
- The operating margin is forecast to be 25% (23% YTD)
- The Group recorded a total YTD surplus of £1.4m and has projected a year end total surplus of £4.2m against a budget of £2.9m
- The projection meets all funder covenants with headroom
- High interest rates continue to create a challenging environment, although strong asset sales are mitigating the impact of rate rises.
- High agency staff costs continue to challenge our care & support activities with the Group projecting a deficit of £1.6m in that operating area, but plans are in motion to actively reduce the losses going forwards

		2023/24 Q1 YTD	2023/24 Projected
<i>Statement of Comprehensive Income</i>			
Total Income	£'000	27,282	111,660
Social Housing Lettings Turnover	£'000	22,865	88,546
<i>% of Total Income from SHL</i>	%	84%	79%
Sales of Assets Turnover	£'000	1,412	11,112
<i>% of Total Income from Sales Activities</i>	%	5%	10%
Care Activities Turnover	£'000	1,595	6,328
<i>% of Total Income from Care Activities</i>	%	6%	6%
Other Activities Turnover	£'000	1,410	5,674
<i>% of Total Income from Other Activities</i>	%	5%	5%
Operating Surplus	£'000	6,195	27,669
<i>Operating Margin</i>	%	23%	25%
Total Surplus	£'000	1,388	4,227
<i>Total Margin</i>	%	5%	4%
<i>Key Financial Ratios</i>			
EBITDA MRI interest coverage - Annual (projected)	Times	1.23x	1.23x
Gearing - Current	%	64%	



Q1 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of £69m
- Work is ongoing to prepare unencumbered assets for charge (1,715 homes, c £89m estimated security value)
- Recent revaluations and reductions in mark to market values have given charged pots significant headroom (£90m excess in total)
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to March 2025 (21 months)
- The majority of the Group's debt (73%) carries a fixed rate of interest limiting our exposure to rising interest rates




		2023/24	Security
		Q1 YTD	Headroom
			£'000
<i>Liquidity & Debt</i>			
Drawn Debt	£'000	537,000	
Undrawn Debt	£'000	69,000	
Total Facilities	£'000	606,000	90,146
Cash	£'000	24,283	
Total WHG owned and managed properties	Homes	13,471	
Unencumbered security	Homes	1,715	
Estimated security value	£'000	89,461	89,461
<i>Total security headroom available</i>			<u><u>179,607</u></u>
YTD Cash flow from Operating Activities	£'000	13,320	
Cash conversion ratio		1 : 2.15	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	4.45%	
Gearing	%	64%	
Debt to Revenue (projected full year)	Times	4.81	



Q1 Development Summary

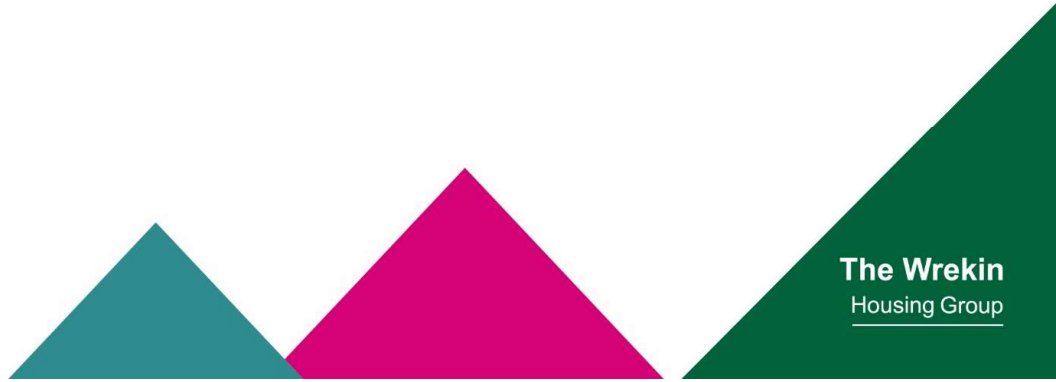
- Development delivery has slipped behind budget with some of our contractors struggling to deliver especially where cost pressures are rising well above CPI
- Some requested variations on previously contracted scheme costs are being considered on a case-by-case basis
- The Board have agreed to allow 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 the year to date 134 new units have been delivered with 413 new homes projected to be built in total in 2023/24 (budget: 407 homes)
- The projected number of shared ownership sales that will be made are lower than budgeted sales resulting in proceeds of £1.1m against a budget of £1.39m
- The Asset Renewal Programme continues to subsidise development activity with 11 sales made in the year to date and a projection of 124 sales in total, generating proceeds of £10m
- The YTD sales have attracted higher than budgeted market values (£123k per home inc deposits v budget of £55k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery



		2023/24	2023/24
		Q1 YTD	Projected

Development & Asset Sales

New homes completed	Number	134	413
Net development spend	£'000	14,869	68,198
Shared ownership sales	Number	1	
Homes unsold	Number	0	
<i>Of those, no of homes unsold for longer than 6 months</i>	<i>Number</i>	<i>0</i>	
Asset Renewal Sales	Number	11	124
Asset Renewal Sales income	£'000	1,357	10,017
<i>Average sales value per home</i>	<i>£'000</i>	<i>123</i>	<i>81</i>





Key Contacts

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