



# Investor Trading Update

## Q2 2024/25



# Disclaimer

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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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# Q2 Merger Update

- In July 2024 The Wrekin Housing Group and Housing Plus Group announced they were exploring the opportunity to come together to form a new organisation
- The aims of this merger are to:
  - Increase financial resilience with the aim of better investment in our homes and delivering new homes
  - Become a place shaper, with a coherent operational geography across Shropshire and Staffordshire
  - Improve the service offers and delivery for our customers
  - Improve the offer to our employees, creating a great place to work
- The merger was approved by the boards of the Housing Plus Group and The Wrekin Housing Group in October 2024 and, subject to all necessary consultation and consents, we are proposing to come together as one organisation in January 2025
- An investor update has been posted to Wrekin's investor webpage as at November 2024



# Q2 Revenue Account Summary

- Financial performance remains excellent through Q2 with projections for income above budget, whilst projections for costs are below budget.
- The Group recorded a YTD operating surplus of £19.4m and the Group is projecting a year end operating surplus of £30.8m, which is £3.8m above budget
- The operating margin (including fixed asset sales) is forecast to be 26% (32% YTD)
- The Group recorded a total YTD surplus of £8.4m and is projecting a year end total surplus of £7.6m against a budget of £3.9m
- This strong financial performance results from high levels of rent collection, additional care income from new service users and robust control of costs. Asset sales continue to outperform budget.
- The projection meets all funder covenants with headroom

		2024/25 Q2 YTD	2024/25 Projected	2023/24 Q2
<b><i>Statement of Comprehensive Income</i></b>				
<b>Total Income</b>	<b>£'000</b>	<b>60,934</b>	<b>120,493</b>	<b>63,478</b>
Social Housing Lettings Turnover	£'000	49,206	94,834	45,849
<i>% of Total Income from SHL</i>	%	81%	79%	72%
Sales of Assets Turnover	£'000	5,046	12,864	11,385
<i>% of Total Income from Sales Activities</i>	%	8%	11%	18%
Care Activities Turnover	£'000	3,692	7,006	3,225
<i>% of Total Income from Care Activities</i>	%	6%	6%	5%
Other Activities Turnover	£'000	2,990	5,789	3,019
<i>% of Total Income from Other Activities</i>	%	5%	5%	5%
<b>Operating Surplus</b>	<b>£'000</b>	<b>19,431</b>	<b>30,753</b>	<b>13,649</b>
<i>Operating Margin</i>	%	32%	26%	22%
<b>Total Surplus</b>	<b>£'000</b>	<b>8,365</b>	<b>7,554</b>	<b>3,499</b>
<i>Total Margin</i>	%	14%	6%	6%

### ***Key Financial Ratios***

EBITDA Only interest coverage - Annual (projected)	Times		2.18x	
Gearing - Current	%	65%		64%



# Q2 Debt & Liquidity Summary

- The liquidity position of the Group remains strong with access to liquid funds of £162m
- In Q2 the group successfully completed deals for an additional £115m of revolving variable rate funding from existing bank funders and also added extra years for some of the existing RCF deals, pushing out the next required refinancing date
- The Group has significant security headroom with excess of over £241m against existing facilities. In addition, work is ongoing to prepare unencumbered assets for charge (1,736 homes, c £109m estimated security value)
- The majority of the Group's debt (70%) carries a fixed rate of interest which continues to limit our exposure to high BoE rates of interest
- Cash flow projections show that the new agreed facilities are sufficient to fund the Group's development plans through to at least September 2027


		2024/25 Q2 YTD	Security Headroom £'000
<b><i>Liquidity &amp; Debt</i></b>			
Drawn Debt	£'000	559,000	
Undrawn Debt	£'000	162,000	
<b>Total Facilities</b>	<b>£'000</b>	<b>721,000</b>	<b>241,471</b>
Cash	£'000	14,068	
Total WHG owned and managed properties	Homes	13,433	
Unencumbered security	Homes	1,736	
Estimated security value	£'000		109,063
<i>Total security headroom available</i>			<u>350,534</u>
YTD Cash flow from Operating Activities	£'000	28,375	
Cash conversion ratio		1 : 1.46	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	4.40%	
Gearing	%	65%	
Debt to Revenue (projected full year)	Times	4.64	



# Q2 Development Summary

- As at Q2 the development delivery projection is outperforming the 2024/25 budget
- YTD 81 new units have been delivered with 386 new homes projected to be built in total in 2024/25 (budget: 366 homes)
- The programme does face pressures with costs on many schemes rising above CPI
- Some requested variations on previously contracted scheme costs continue to be considered on a case-by-case basis
- The Asset Renewal Programme continues to subsidise development activity with 47 sales made YTD, generating proceeds of £4.5m
- The sales have attracted higher than budgeted market values (£96k per home vs budgeted price of £75k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery





		2024/25 Q2 YTD	2024/25 Projected
<b><i>Development &amp; Asset Sales</i></b>			
New homes completed	Number	81	386
Net development spend	£'000	24,646	63,997
Shared ownership sales	Number	8	
Homes unsold	Number	1	
<i>Of those, no of homes unsold for longer than 6 months</i>	<i>Number</i>	0	
Asset Renewal Sales	Number	47	124
Asset Renewal Sales income	£'000	4,492	11,579
<i>Average sales value per home</i>	<i>£'000</i>	96	93



# Key Contacts

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