



# Investor Trading Update

## Q1 2022/23



# 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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# Q1 Revenue Account Summary

- The Group recorded a YTD operating surplus of £5.8m and is projecting an operating surplus of £21.0m equating to an operating margin of 21% and an operating surplus on budget
- The Group recorded a total YTD surplus of £2.8m and a projected total surplus of £5.2m
- All covenants and group golden rules are projected to be met
- Rising inflation and interest rates are creating a challenging environment, although stronger than budgeted asset sales are projected to partly mitigate the downside
- Void rates and colleague costs continue to challenge our care & support activities with the group projecting a deficit of £2.7m in those schemes but plans are in motion to actively reduce the losses



|   |              | 2022/23<br>Q1 YTD | 2022/23<br>Projected |
|---|--------------|-------------------|----------------------|
| <b><i>Statement of Comprehensive Income</i></b>   |              |                   |                      |
| <b>Total Income</b>                               | <b>£'000</b> | <b>25,485</b>     | <b>100,975</b>       |
| Social Housing Lettings Turnover                  | £'000        | 20,441            | 81,929               |
| <i>% of Total Income from SHL</i>                 | %            | 80%               | 81%                  |
| Sales of Assets Turnover                          | £'000        | 2,276             | 7,603                |
| <i>% of Total Income from Sales Activities</i>    | %            | 9%                | 8%                   |
| Care Activities Turnover                          | £'000        | 1,491             | 5,816                |
| <i>% of Total Income from Care Activities</i>     | %            | 6%                | 6%                   |
| Other Activities Turnover                         | £'000        | 1,277             | 5,627                |
| <i>% of Total Income from Other Activities</i>    | %            | 5%                | 6%                   |
| <b>Operating Surplus</b>                          | <b>£'000</b> | <b>5,801</b>      | <b>20,994</b>        |
| <i>Operating Margin</i>                           | %            | 23%               | 21%                  |
| <b>Total Surplus</b>                              | <b>£'000</b> | <b>2,751</b>      | <b>5,153</b>         |
| <i>Total Margin</i>                               | %            | 11%               | 5%                   |
| <b><i>Key Financial Ratios</i></b>                |              |                   |                      |
| EBITDA MRI interest coverage - Annual (projected) | Times        | 1.31x             | 1.31x                |
| Gearing - Current                                 | %            | 64%               |                      |



# Q1 Debt & Liquidity Summary


- Wrekin's liquidity position remains strong with access to liquid funds of over £110m
- Work is ongoing to prepare unencumbered assets for charge (1,218 homes, c £59m 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 2024
- The majority of the Group's debt (79%) carries a fixed rate of interest limiting our exposure to rising interest rates

|   |              | 2022/23<br>Q1 YTD | Security<br>Headroom         |
|---|--------------|-------------------|------------------------------|
|   |              |                   | £'000                        |
| <b><i>Liquidity &amp; Debt</i></b>  |              |                   |                              |
| Drawn Debt  | £'000        | 495,500           |                              |
| Undrawn Debt  | £'000        | 110,500           |                              |
| <b>Total Facilities</b>   | <b>£'000</b> | <b>606,000</b>    | <i>87,751</i>                |
| Cash  | £'000        | 30,982            |                              |
| <br>  |              |                   |                              |
| Total WHG owned and managed properties  | Homes        | 13,043            |                              |
| Unencumbered security   | Homes        | 1,218             |                              |
| Estimated security value  | £'000        | 58,867            | <i>58,867</i>                |
| <br>  |              |                   |                              |
| <i>Total security headroom available</i>  |              |                   | <u><u><i>146,618</i></u></u> |
| <br>  |              |                   |                              |
| YTD Cash flow from Operating Activities   | £'000        | 13,227            |                              |
| Cash conversion ratio   |              | 1 : 2.28          |                              |
| <i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i> |              |                   |                              |
| <br>  |              |                   |                              |
| Average cost of funds   | %            | 3.16%             |                              |
| Gearing   | %            | 64%               |                              |
| Debt to Revenue (projected full year)   | Times        | 4.91              |                              |



# Q1 Development Summary

- Development delivery is largely in line with budget despite cost pressures in the market (inflation on some scheme costs is rising well above CPI)
- The Board have agreed to allow flexible delivery of our programme, with the target end date moved from 2025 to 2026 to allow for a value for money approach to new business
- In Q1 65 new units were delivered with 544 new homes projected to be built in 2022/23
- Proceeds from shared ownership sales in Q1 were at a comparative level to previous years (£0.6m)
- The Asset Renewal Programme continues to subsidise development activity with 26 sales made in the year to date and a projection of 106 sales in total generating proceeds of £6.7m
- The sales have attracted higher than budgeted market values (£63k per home inc deposits v budget of £55k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery



|  |               | 2022/23<br>Q1 YTD | 2022/23<br>Projected |
|--|---------------|-------------------|----------------------|
| <b><i>Development &amp; Asset Sales</i></b>                  |               |                   |                      |
| New homes completed  | Number        | 65                | 544                  |
| Net development spend  | £'000         | 11,170            | 69,124               |
| Shared ownership sales                                       | Number        | 9                 |                      |
| Homes unsold   | Number        | 11                |                      |
| <i>Of those, no of homes unsold for longer than 6 months</i> | <i>Number</i> | <i>2</i>          |                      |
| Asset Renewal Sales  | Number        | 26                | 106                  |
| Asset Renewal Sales income                                   | £'000         | 1,662             | 6,661                |
| <i>Average sales value per home</i>                          | <i>£'000</i>  | <i>64</i>         | <i>63</i>            |





# Key Contacts

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