



# Investor Trading Update

## Q1 2021/22



# 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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# Q1 Revenue Account Summary

- Strong financial performance to date with operating margin of 28% and projected surplus £3m above budget
- All covenants and Board-set golden rules met (YTD and projected)
- The good YTD performance results from low void rates (YTD – 0.81%) and lower than expected repairs costs
- Projected results benefit from strong sales of assets (projected £3m above budget), however, due to lower than budgeted care income, operating surplus is projected at 23%, although this is considered a conservative forecast

		2021/22 Q1	2021/22 Projected
<b><i>Statement of Comprehensive Income</i></b>			
<b>Total Income</b>	<b>£'000</b>	<b>24,192</b>	<b>97,443</b>
Social Housing Lettings Turnover	£'000	20,048	77,554
<i>% of Total Income from SHL</i>	%	83%	80%
Sales of Assets Turnover	£'000	706	8,389
<i>% of Total Income from Sales Activities</i>	%	3%	9%
Care Activities Turnover	£'000	1,474	5,595
<i>% of Total Income from Care Activities</i>	%	6%	6%
Other Activities Turnover	£'000	1,964	5,905
<i>% of Total Income from Other Activities</i>	%	8%	6%
<b>Operating Surplus</b>	<b>£'000</b>	<b>6,802</b>	<b>22,674</b>
<i>Operating Margin</i>	%	28%	23%
<b>Total Surplus</b>	<b>£'000</b>	<b>4,150</b>	<b>11,300</b>
<i>Total Margin</i>	%	17%	12%

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

EBITDA MRI interest coverage - Annual (projected)	Times		2.03x
Gearing - Current	%	66%	

# Q1 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of over £120m and £25m retained bonds
- Work is ongoing to prepare unencumbered assets for charge (988 homes), but current drawn funds are adequately covered by charged properties and cash on deposit
- Cash generation is positive with £7.8m being generated from operating activities, helping to fund development activity and financing costs
- Cash flow projections show that a relatively small amount of additional financing (c£15m, 2023) is required to fund the Group's development plans through to 2025

**2021/22**  
**Q1**

***Liquidity & Debt***

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Drawn Debt	£'000	475,000
Undrawn Debt	£'000	131,000
Cash	£'000	22,445
Total WHG owned and managed properties	Homes	12,943
Unencumbered security	Homes	988
Cash flow from Operating Activities	£'000	7,863
Cash conversion ratio		1 : 1.16
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>		
Average cost of funds	%	3.15%
Gearing	%	66%
Debt to Revenue (projected full year)	Times	4.91

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# Q1 Development Summary

- Development delivery continues to meet business plan forecasts, with 99 delivered in Q1 and 439 new homes projected for 2021/22
- Shared ownership sales are at a comparatively low level, 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 8 sales to date and 140 projected for the year
- The sales have attracted higher than budgeted market values (£73k per home v budget of £55k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery

		2021/22 Q1	2021/22 Projected
<b><i>Development &amp; Asset Sales</i></b>			
New homes completed	Number	99	439
Net development spend	£'000	9,728	37,683
Shared ownership sales	Number	9	
Homes unsold	Number	15	
<i>Homes unsold for longer than 6 months</i>	<i>Number</i>	3	
Asset Renewal Sales	Number	8	140
Asset Renewal Sales income	£'000	584	8,389
<i>Average sales value per home</i>	<i>£'000</i>	73	60





# Key Contacts

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