



Investor Trading Update

Q4 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.


The information in this publication is subject to change without notice.

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.



Q4 Revenue Account Summary

- Wrekin recorded an operating surplus for the year of £26.6m (£3.8m above budget) with a total surplus of £19.7m and an operating margin of 27%
- All covenants and group golden rules were met throughout the year
- The strong operational performance arose from healthy asset sales, combined with high levels of rent collection, and additional efficiency savings across most areas of the business
- Throughout the year there were significant challenges in our care activities reflected by a loss of £5.0m on these activities. The group also suffered an impairment charge of £1.7m on a site that is planned to be demolished and redeveloped



2021/22
Full Year

Statement of Comprehensive Income

| | | |
|--|--------------|---------------|
| Total Income | £'000 | 97,496 |
| Social Housing Lettings Turnover | £'000 | 77,170 |
| <i>% of Total Income from SHL</i> | <i>%</i> | <i>79%</i> |
| Sales of Assets Turnover | £'000 | 8,357 |
| <i>% of Total Income from Sales Activities</i> | <i>%</i> | <i>9%</i> |
| Care Activities Turnover | £'000 | 5,649 |
| <i>% of Total Income from Care Activities</i> | <i>%</i> | <i>6%</i> |
| Other Activities Turnover | £'000 | 6,320 |
| <i>% of Total Income from Other Activities</i> | <i>%</i> | <i>6%</i> |
| Operating Surplus | £'000 | 26,609 |
| <i>Operating Margin</i> | <i>%</i> | <i>27%</i> |
| Total Surplus | £'000 | 19,689 |
| <i>Total Margin</i> | <i>%</i> | <i>20%</i> |


Key Financial Ratios

| | | |
|---|-------|------|
| EBITDA MRI interest coverage - Annual (projected) | Times | 2.3x |
| Gearing - Current | % | 67% |



Q4 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of over £120m
- The Group sold £25m retained bonds in November 2021 at gilts of 1.012% and a spread of 95bps, resulting in gross proceeds of £27.8m
- Work is ongoing to prepare unencumbered assets for charge (1,306 homes, c £62m 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



2021/22
Q4


Liquidity & Debt

| | | |
|---|--------------|----------------|
| Drawn Debt | £'000 | 485,500 |
| Undrawn Debt | £'000 | 120,500 |
| Total Facilities | £'000 | 606,000 |
| Cash | £'000 | 33,990 |
| | | |
| Total WHG owned and managed properties | Homes | 12,971 |
| Unencumbered security | Homes | 1,306 |
| Estimated security value | £'000 | 62,099 |
| | | |
| <i>Total security headroom available</i> | | . |
| | | |
| YTD Cash flow from Operating Activities | £'000 | 34,463 |
| Cash conversion ratio | | 1 : 1.3 |
| <i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i> | | |
| | | |
| Average cost of funds | % | 3.19% |
| Gearing | % | 67% |
| Debt to Revenue (projected full year) | Times | 4.98 |



Q4 Development Summary

- Development delivery was lower than budgeted as a couple of big schemes have moved into Q1 2022/23 in terms of delivery
- The Group was named one of the Top 50 Biggest Builders in the country by Inside Housing
- In the last quarter 160 new units were delivered with 318 new homes built over the full year 2021/22. The group is budgeting to build 515 units in 2022/23
- Proceeds from Shared ownership sales were at a comparative level to previous years (£1.7m)
- The Asset Renewal Programme continues to subsidise development activity with 77 sales made in the year generating proceeds of £6.6m
- The sales have attracted higher than budgeted market values (£86k per home inc deposits v budget of £55k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery
- The Group's Board have agreed our objective is to continue development activity at current levels until at least 2030. This will continue to be partly funded through the Asset Renewal Programme with budgeted sale proceeds in 2022/23 of £7.7m



2021/22
Full Year

Development & Asset Sales

| | | |
|--|---------------|-----------|
| New homes completed | Number | 318 |
| Net development spend | £'000 | 45,520 |
| Shared ownership sales | Number | 25 |
| Homes unsold | Number | 9 |
| <i>Of those, no of homes unsold for longer than 6 months</i> | <i>Number</i> | <i>2</i> |
| Asset Renewal Sales | Number | 77 |
| Asset Renewal Sales income | £'000 | 6,645 |
| <i>Average sales value per home</i> | <i>£'000</i> | <i>86</i> |



Key Contacts

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