



Investor Trading Update

Q3 2023/24



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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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Q3 Revenue Account Summary

- The budget for 2023/24 was a tougher than normal challenge, with high inflation and interest rates lowering our margins. However, actual performance has improved on budget and margins are looking up for the year
- The Group recorded a YTD operating surplus of £21.2m and is projecting a year end operating surplus of £27.9m, which is £3.4m above budget
- The operating margin (including fixed asset sales) is forecast to be 25% (25% YTD)
- The Group recorded a total YTD surplus of £5.5m and has projected a year end total surplus of £6.5m against a budget of £2.9m
- The projection meets all funder covenants with headroom
- High agency staff costs continue to challenge our care & support activities with the Group projecting a deficit of £2.2m in that operating area. To reduce losses in this area, the Group sold the Limewood Dementia Care Home in November. This sale will result in reduced deficits in care & support going forwards



		2023/24 Q3 YTD	2023/24 Projected	2022/23 Q3 YTD
Statement of Comprehensive Income				
Total Income	£'000	83,601	113,373	74,010
Social Housing Lettings Turnover	£'000	68,061	89,529	60,870
<i>% of Total Income from SHL</i>	%	81%	79%	82%
Sales of Assets Turnover	£'000	6,231	11,668	4,392
<i>% of Total Income from Sales Activities</i>	%	7%	10%	6%
Care Activities Turnover	£'000	4,781	6,297	4,536
<i>% of Total Income from Care Activities</i>	%	6%	6%	6%
Other Activities Turnover	£'000	4,528	5,879	4,212
<i>% of Total Income from Other Activities</i>	%	5%	5%	6%
Operating Surplus	£'000	21,152	27,892	16,692
<i>Operating Margin</i>	%	25%	25%	23%
Total Surplus	£'000	5,492	6,453	4,510
<i>Total Margin</i>	%	7%	6%	6%
Key Financial Ratios				
EBITDA Only interest coverage - Annual (projected)	Times		2.06x	1.32x
Gearing - Current	%	64%		64%



Q3 Debt & Liquidity Summary


- Wrekin's liquidity position remains strong with access to liquid funds of £52m
- The Group has significant security headroom with excess of over £215m against existing facilities. In addition, work is ongoing to prepare unencumbered assets for charge (1,618 homes, c £96m estimated security value)
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to at least October 2025 (21 months)
- The majority of the Group's debt (71%) carries a fixed rate of interest limiting our exposure to the BoE interest rate rises
- The Group has successfully negotiated with its lenders to change our covenant calculation. The calculation is now an EBITDA only calculation and excludes major repairs, while the target has been raised from 110% to 135%

		2023/24 Q3 YTD	Security Headroom
			£'000
<i>Liquidity & Debt</i>			
Drawn Debt	£'000	554,000	
Undrawn Debt	£'000	52,000	
Total Facilities	£'000	606,000	215,822
Cash	£'000	23,563	
Total WHG owned and managed properties	Homes	13,408	
Unencumbered security	Homes	1,618	
Estimated security value	£'000		95,748
<i>Total security headroom available</i>			<u>311,570</u>
YTD Cash flow from Operating Activities	£'000	43,059	
Cash conversion ratio		1 : 2.04	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	4.19%	
Gearing	%	64%	
Debt to Revenue (projected full year)	Times	4.89	



Q3 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 and pressuring their cashflows
- Some requested variations on previously contracted scheme costs are being considered on a case-by-case basis
- In the year to date 267 new units have been delivered with 389 new homes for rent projected to be built in total in 2023/24
- The Asset Renewal Programme continues to subsidise development activity with 47 sales made in the year to date and a projection of 92 sales in total, generating proceeds of £10.0m
- The YTD sales have attracted higher than budgeted market values (£115k 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 Q3 YTD	2023/24 Projected
<i>Development & Asset Sales</i>			
New homes completed	Number	267	389
Net development spend	£'000	43,014	57,257
Shared ownership sales	Number	11	
Homes unsold	Number	2	
<i>Of those, no of homes unsold for longer than 6 months</i>	Number	0	
Asset Renewal Sales	Number	47	92
Asset Renewal Sales income	£'000	5,413	9,968
<i>Average sales value per home</i>	£'000	115	108



Key Contacts

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