



# Investor Trading Update

## Q1 2024/25



# 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 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
- Subject to all necessary consultation and consents, we are proposing to come together as one organisation in December 2024 or January 2025. We are currently in the process of consulting with stakeholders on these changes



# Q1 Revenue Account Summary

- Financial performance is good through Q1 with projections in line with, or improving on, budget
- The Group recorded a YTD operating surplus of £8.6m and the Group is projecting a year end operating surplus of £28.6m, which is £1.7m above budget
- The operating margin (including fixed asset sales) is forecast to be 24% (29% YTD)
- The Group recorded a total YTD surplus of £3.7m and is projecting a year end total surplus of £5.6m against a budget of £3.9m
- This strong financial performance results from high levels of rent collection and robust control of costs. Asset sales continue to outperform budget.
- The projection meets all funder covenants with headroom

		2024/25 Q1 YTD	2024/25 Projected	2023/24 Q1 YTD
<b>Statement of Comprehensive Income</b>				
<b>Total Income</b>	<b>£'000</b>	<b>29,289</b>	<b>118,661</b>	<b>27,282</b>
Social Housing Lettings Turnover	£'000	23,699	94,843	22,865
<i>% of Total Income from SHL</i>	%	81%	80%	84%
Sales of Assets Turnover	£'000	2,446	11,676	1,412
<i>% of Total Income from Sales Activities</i>	%	8%	10%	5%
Care Activities Turnover	£'000	1,763	6,584	1,595
<i>% of Total Income from Care Activities</i>	%	6%	6%	6%
Other Activities Turnover	£'000	1,381	5,558	1,410
<i>% of Total Income from Other Activities</i>	%	5%	5%	5%
<b>Operating Surplus</b>	<b>£'000</b>	<b>8,602</b>	<b>28,649</b>	<b>6,195</b>
<i>Operating Margin</i>	%	29%	24%	23%
<b>Total Surplus</b>	<b>£'000</b>	<b>3,653</b>	<b>5,569</b>	<b>1,388</b>
<i>Total Margin</i>	%	12%	5%	5%

#### **Key Financial Ratios**

EBITDA Only interest coverage - Annual (projected)	Times		2.1x	1.23x
Gearing - Current	%	65%		64%



# Q1 Debt & Liquidity Summary

- The liquidity position of the Group remains strong with access to liquid funds of £53m
- Completion on RCF deals with existing bank funders is expected soon, extending some current deals and increasing liquidity with £115m in additional facilities
- The Group has significant security headroom with excess of over £204m against existing facilities. In addition, work is ongoing to prepare unencumbered assets for charge (1,728 homes, c £102m estimated security value)
- The majority of the Group's debt (71%) carries a fixed rate of interest limiting our exposure to the BoE interest rate rises
- In August the group successfully completed negotiations for an additional £115m of funding from its existing creditors. The figures over the page exclude this new funding.
- Cash flow projections show that the new agreed facilities are sufficient to fund the Group's development plans through to at least October 2027


		2024/25 Q1 YTD	Security Headroom £'000
<b><i>Liquidity &amp; Debt</i></b>			
Drawn Debt	£'000	554,000	
Undrawn Debt	£'000	53,000	
<b>Total Facilities</b>	<b>£'000</b>	<b>607,000</b>	<b>204,643</b>
Cash	£'000	20,698	
Total WHG owned and managed properties	Homes	13,479	
Unencumbered security	Homes	1,728	
Estimated security value	£'000		102,156
<i>Total security headroom available</i>			<u>306,799</u>
YTD Cash flow from Operating Activities	£'000	16,762	
Cash conversion ratio		1 : 1.95	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	4.45%	
Gearing	%	65%	
Debt to Revenue (projected full year)	Times	4.67	



# Q1 Development Summary

- Development delivery has slipped behind budget with some of our contractors struggling to deliver, especially where cost pressures are rising above CPI, although projections show that delivery of new homes will pick up over the coming months and catch up with budget
- Some requested variations on previously contracted scheme costs continue to be considered on a case-by-case basis
- In the year to date 54 new units have been delivered with 485 new homes projected to be built in total in 2024/25 (budget: 485 homes)
- The Asset Renewal Programme continues to subsidise development activity with 22 sales made in the year, generating proceeds of £2.4m
- The sales have attracted higher than budgeted market values (£108k per home inc deposits vs budgeted price of £75k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery





		2024/25 Q1 YTD	2024/25 Projected
<b><i>Development &amp; Asset Sales</i></b>			
New homes completed	Number	54	485
Net development spend	£'000	10,467	59,521
Shared ownership sales	Number	3	
Homes unsold	Number	0	
<i>Of those, no of homes unsold for longer than 6 months</i>	Number	0	
Asset Renewal Sales	Number	22	140
Asset Renewal Sales income	£'000	2,380	10,833
<i>Average sales value per home</i>	£'000	108	77



# Key Contacts

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