

Investor Update

Q3 December 2023



Key highlights Q3 December 2023

whg continues to maintain G1/V1 regulator rating and meets all financial covenants

Rated A2 with a stable outlook by Moody's

Amongst the first in the UK to be certified as a sustainable housing provider by Ritterwald

Achieved ISO 14001 accreditation

£10.6m invested in capital improvements for existing homes YTD

£23.2m spent on repairs and maintenance services YTD

Liquidity position of £250m at the end of Q3

358 new homes from developments have been completed along with 184 start on sites YTD

Shared ownership first tranche sales achieved 86 YTD with income of £8.9m and a profit margin on sales of 17%

Challenging operating backdrop, although whg has maintained its resilience through proactive measures, its robust and cautious risk appetite and strategic treasury management

£101.2m

turnover
Q3 23/24

35%

operating margin
Q3 23/24

£35.3m

operating surplus
Q3 23/24

39%

gearing (HPAC)
Q3 23/24

4.1

interest cover
Q3 23/24

51%

EPC C and above

Operating Performance



Voids

- + Our target for 2022/23 was 0.65% and given the significant obstacles faced during the year, only being 0.02% above target was a great achievement.
- + During the year, **we reduced the size of our voids trade team** by moving a number of trade colleagues into the responsive repairs service to help with the increased **volume of repairs**. As a result of this, **we have increased the number of voids which we sub-contract and therefore expect voids costs to increase**. As the responsive repairs volume decreases, we will gradually move our trade colleagues back into the voids service and reduce reliance on sub-contractors.
- + The Voids & Lettings Teams continue to minimise void rent loss impact as far as is reasonably practicable.
- + Our Board has approved plans to reduce the number of void properties through **additional investment of £4m** in the remainder of 2023/24.

Recent evolution of voids performance

	March 2021	March 2022	March 2023	Q1 2024	Q2 2024	Q3 2024
Number of void properties	165	92	158	216	214	185
Void rent loss (%)	0.75	0.66	0.67	1.07	1.15	1.18
Void rent loss (£000)	740	689	726	307	651	1,004

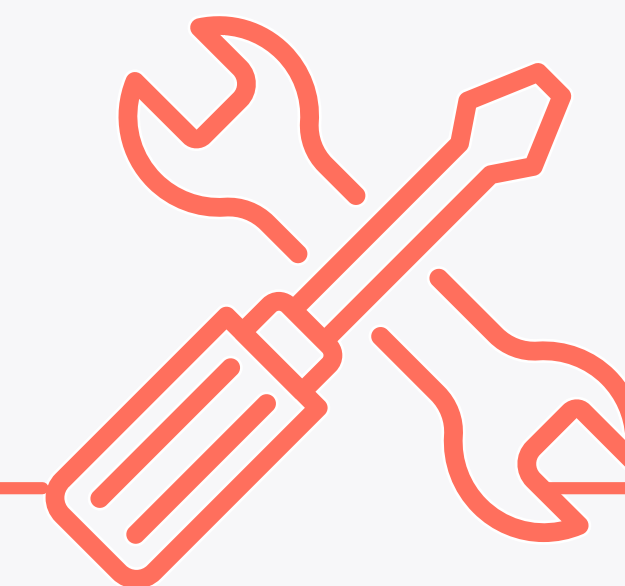


Asset Management Repairs

- + Our refreshed customer portal allows customers to book their own repairs appointments. We now have over 9,000 registered users with **30% of all first-time repairs booked online**.
- + We have devised a plan to reduce the average days to complete a repair by **investing £2.6m** in the service during 2023/24.
- + Customer satisfaction with repairs has improved during the year, exceeding our target.
- + Repairs appointments made and kept are consistent with March 2023, and the average days to complete a repair has maintained at 27 days since last quarter.
- + **We created a Repairs Booster Team** to help reduce the volume of repairs by 7,200 by March 2024 by moving trades colleagues from the voids team.

Recent evolution of repairs metrics

	March 2021	March 2022	March 2023	Q1 2024	Q2 2024	Q3 2024	Target
Customer satisfaction with repairs (%)	83	78	84	93	93	93	84
Repairs appointments made and kept (%)	91	91	94	93	95	94	98
Average days to complete a repair	23	23	29	26	27	27	35



Asset Management Compliance – Customer Safety

Gas safety: We are 100% legally complaint, with 20 overdue homes with legal processes instigated.

Electrical Safety: 100% of our homes have an electrical condition report.

High Rise: We have 16 high rise buildings – no material remedial safety works required.

Fire safety: All fire risk actions fully provided for in existing business plan and covered by ‘business as usual’ budgets. 100% compliance remained at the end of the quarter, meaning all fire safety checks had been carried out within the required timescale in all required high and low-rise blocks, and community rooms. Performance has been maintained at 100% for all reporting points since February 2022.

Water Hygiene: 100% compliance remained at the end of the quarter. All required checks on assets (high and low-rise blocks and community rooms) where a water hygiene (legionella) check is required have been completed within the relevant best practice timescale that we have set for ourselves.

Asbestos (Regulation 4): The KPI shows compliance with legislation requirements for asbestos inspections in communal areas. 100% compliance remained at the end of the quarter which we have held for over two years.

Asset Management Investment in homes

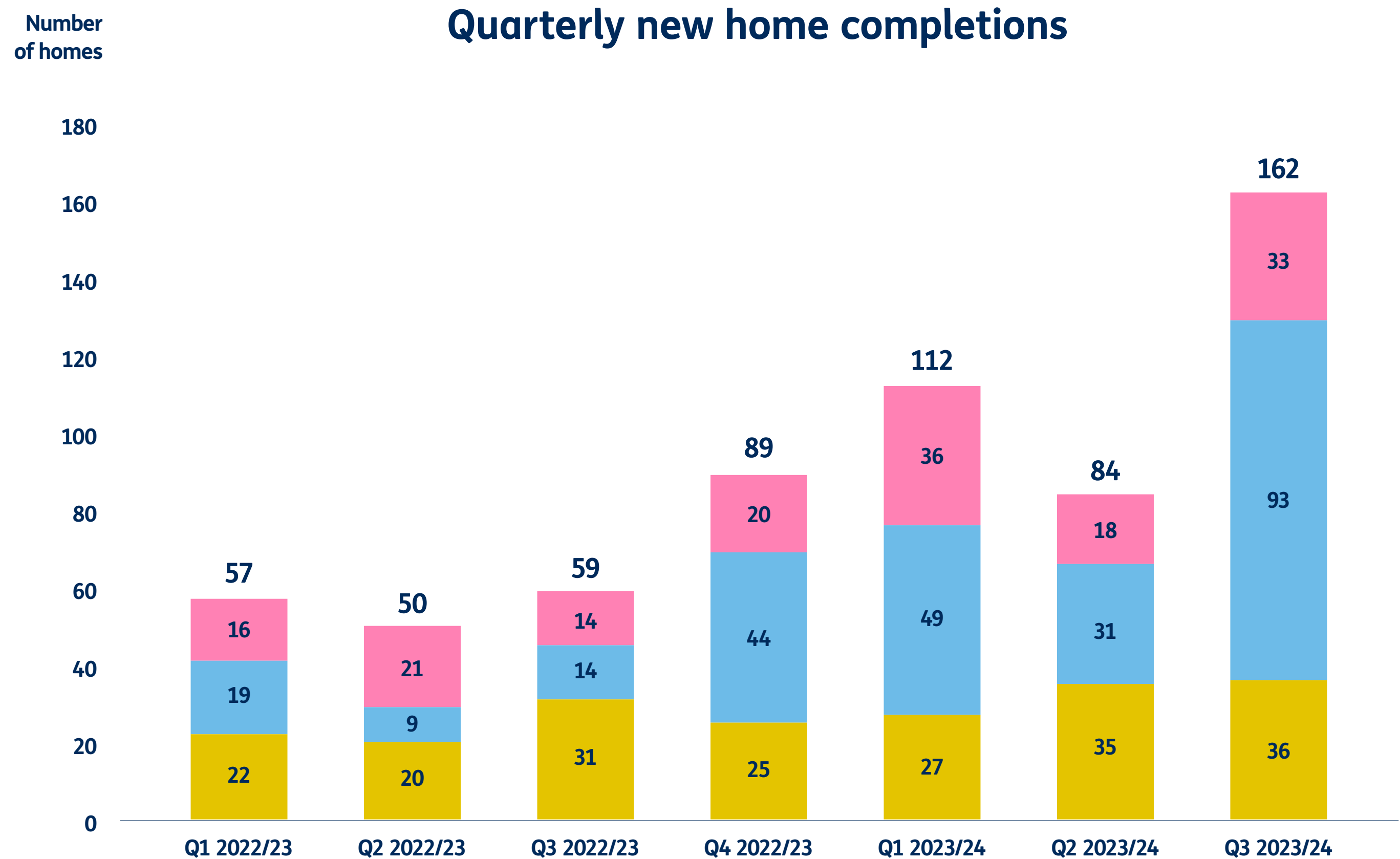
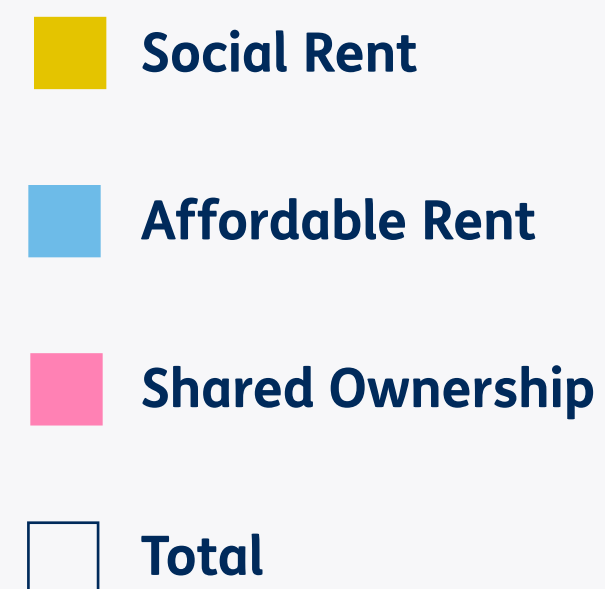
Components delivered to date	Price £000s	Number completed quantity
Kitchens	(1,687)	177
Bathrooms	(141)	23
Rewires	(139)	9
Central heating/call off heating	(2,452)	674
Fire Doors	(229)	163
Roofing	(4,042)	269
Windows	(494)	40
Capitalised Salaries	(773)	
VAT Recovery	740	

Development



Development Performance

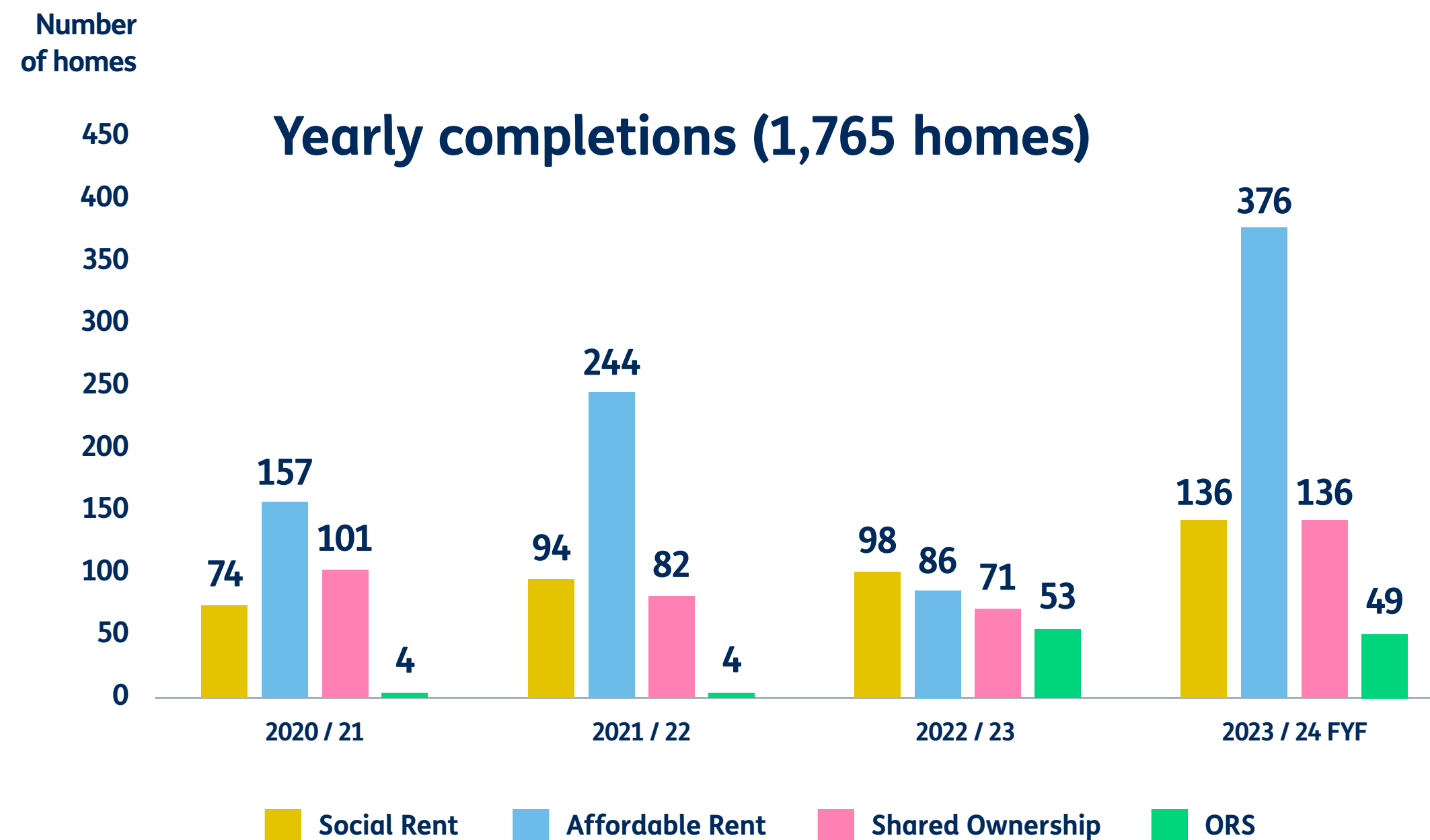
- + 358 new homes completed year to date – 28% Social Rent, 48% Affordable Rent and 24% Shared Ownership.
- + Achieved 86 shared ownership first tranche sales at the end of the quarter with income of £8.9m, with 87 shared ownership handovers.



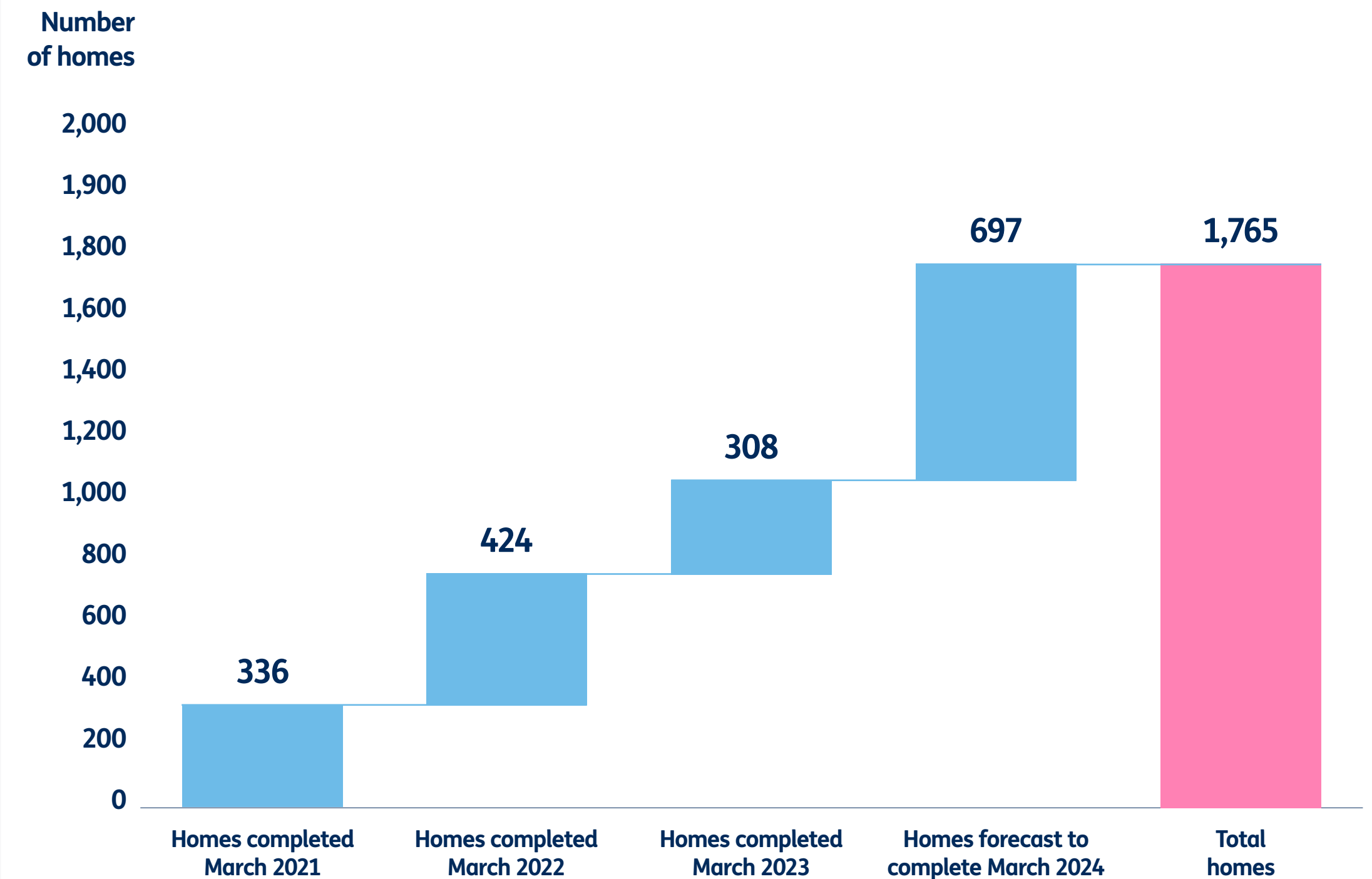
Development Performance against the Development Strategy

As at December 2023, we have completed 1,426 homes. We are forecasting to complete 697 homes in 2023/24 which brings us to 1,765 against our 2,200 homes target over the period April 2020 to March 2024.

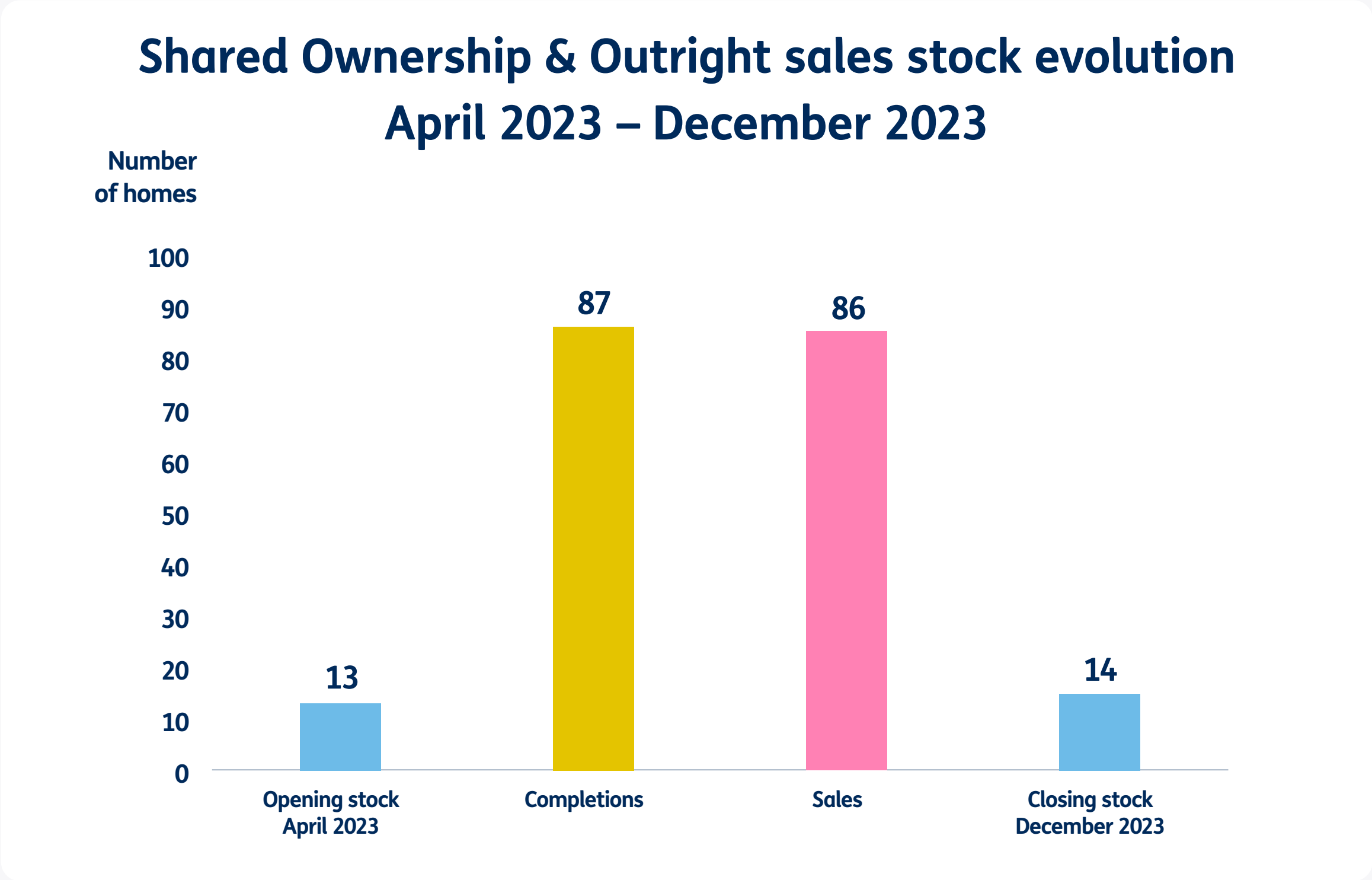
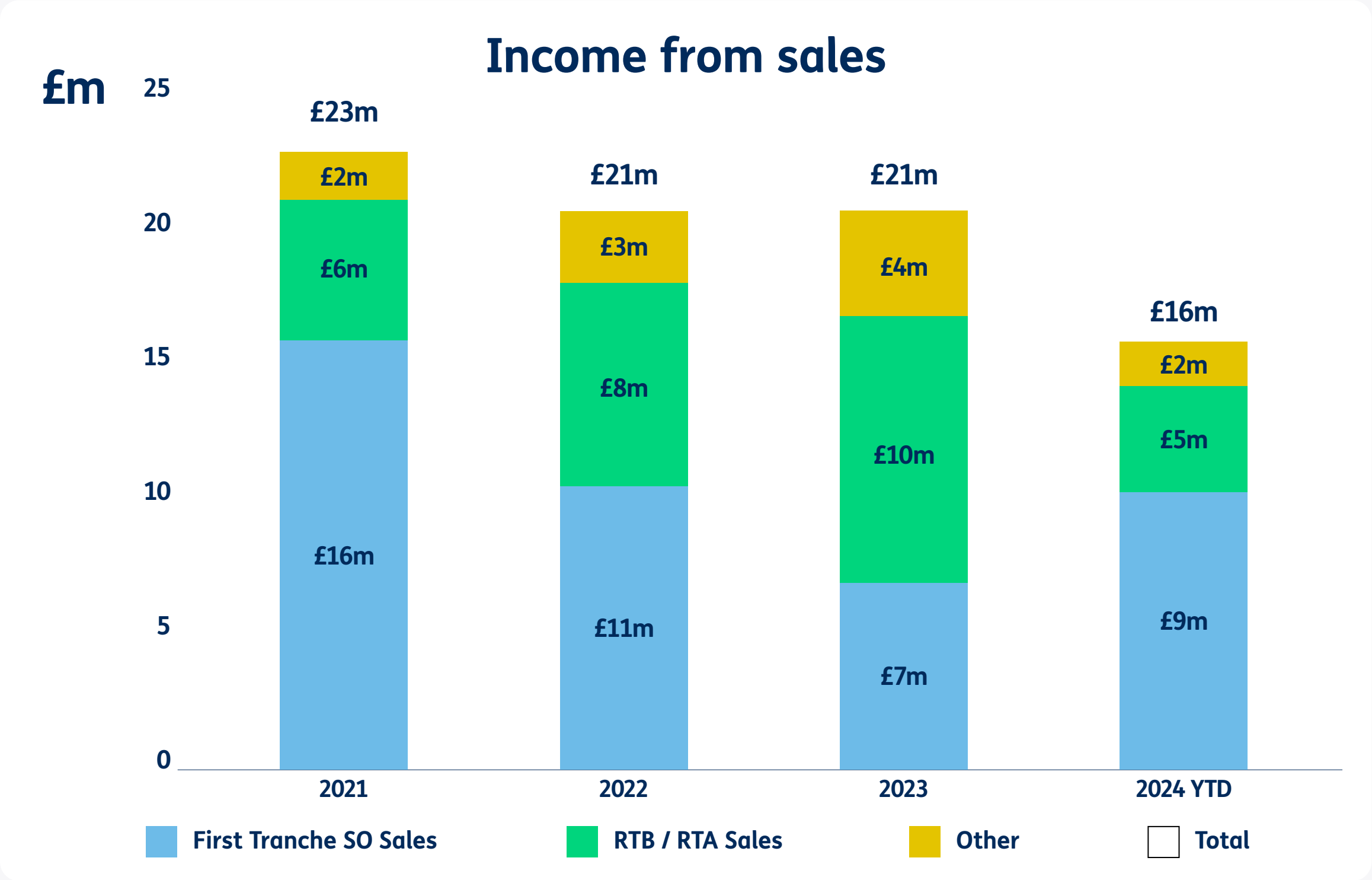
The remainder of the homes will be delivered after March 2024 and the majority of these have been secured.



Yearly completions since the Development Strategy commenced



Sales



86 shared ownership first tranche sales by the end of Q3

50 right to acquire/right to buy (RTA/RTB) sales by the end of Q3

£16m sales income by the end of Q3

Shared Ownership stock status 31 December 2023

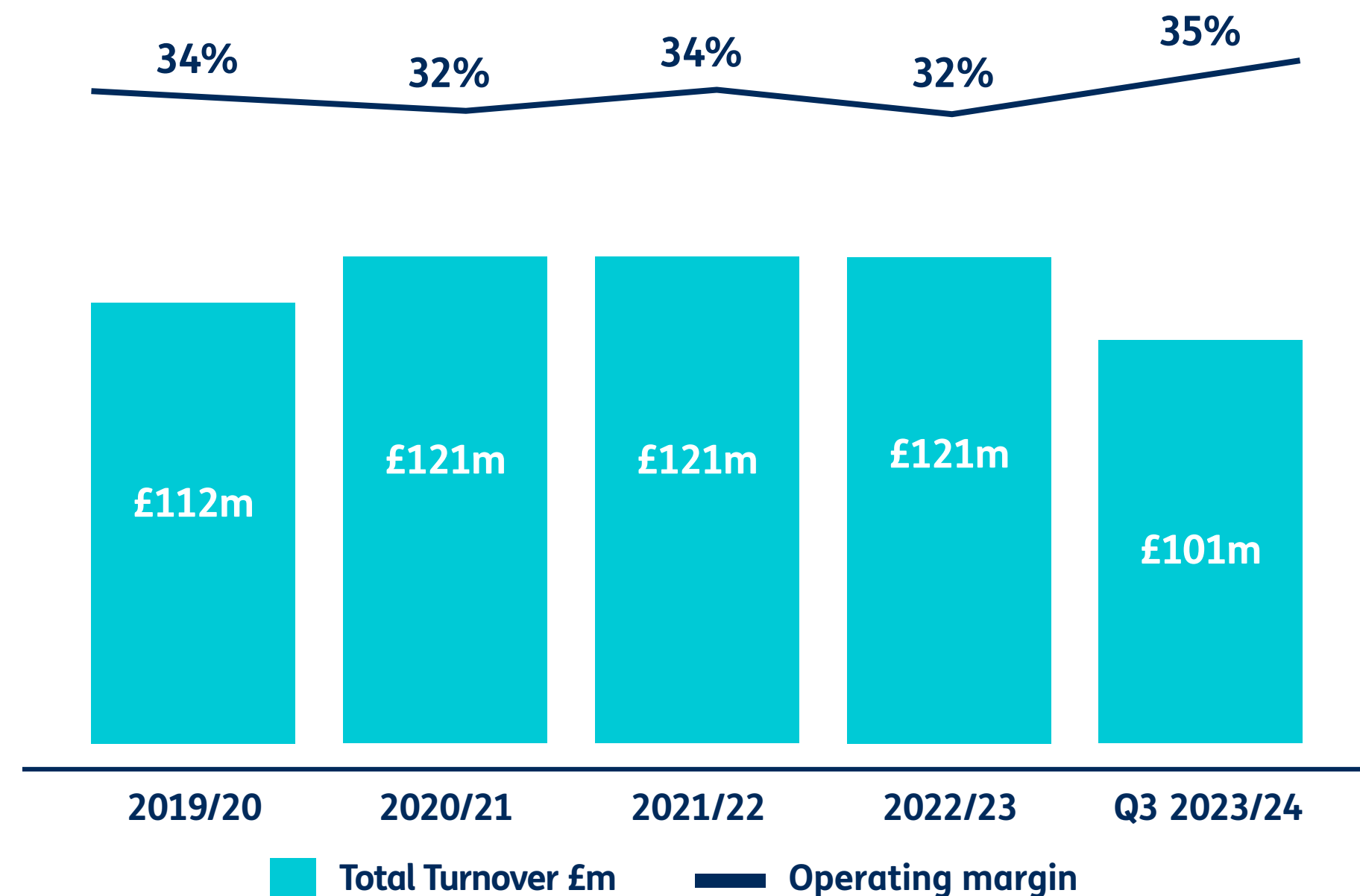
	Unsold	Reserved	Available
Total unsold	14	10	4
Unsold <6 months	9	6	3
Unsold >6months	5	4	1

Financial Performance



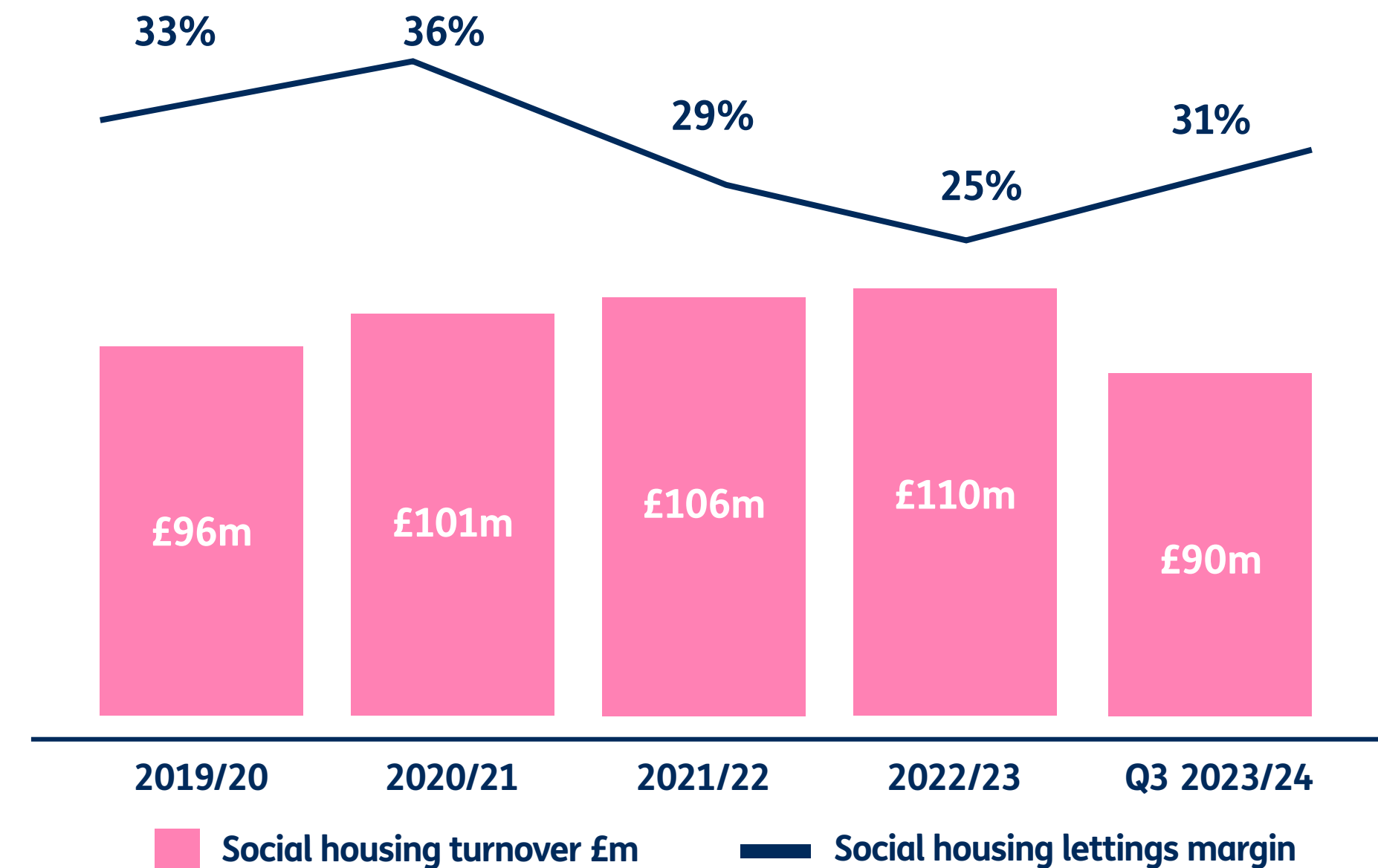
Financial Performance – 5 year trend

Turnover and operating margin



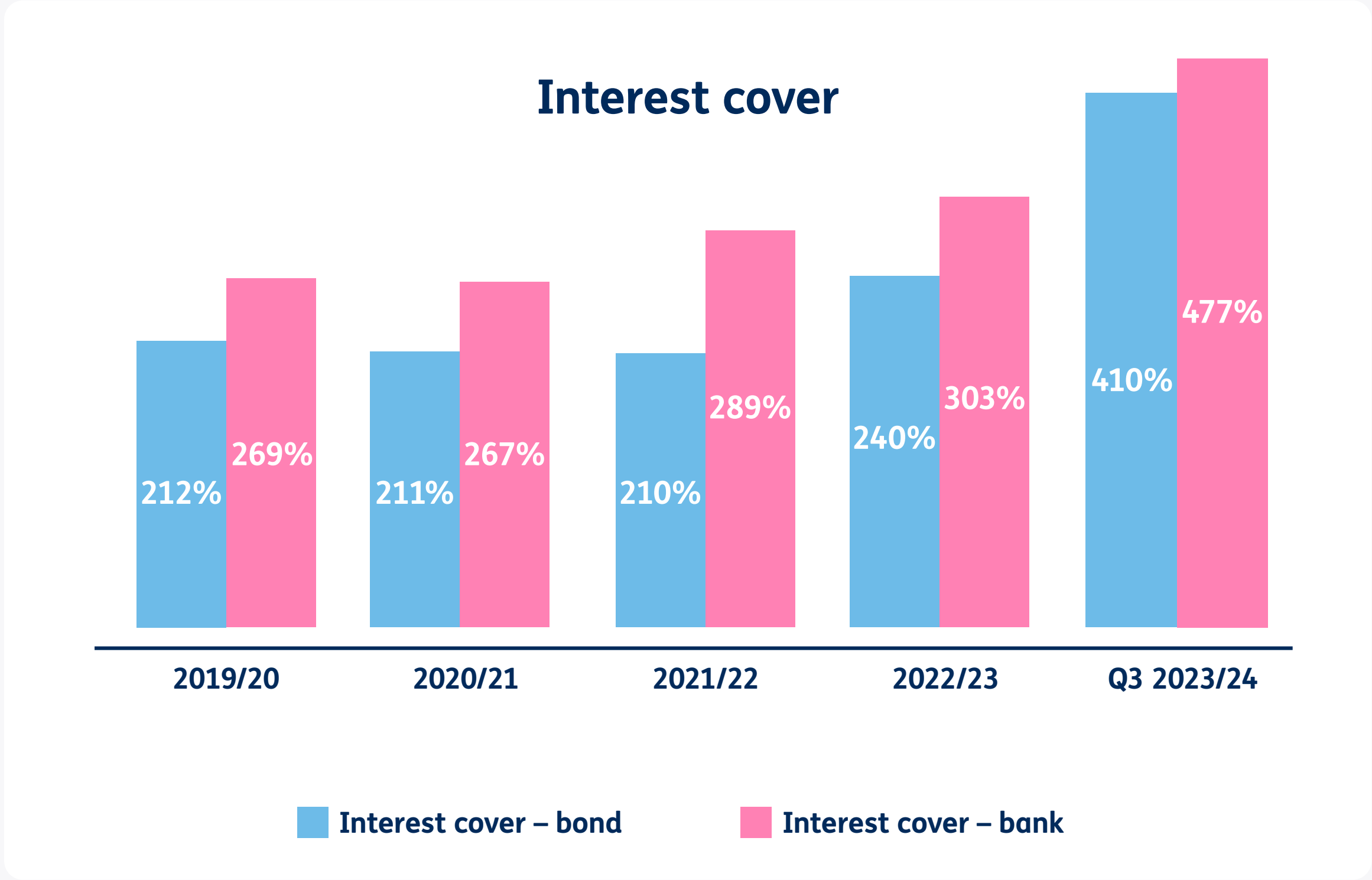
Consistent turnover growth through rent increases and new developments.
Reduced margin this year as we made a one off £5m investment in response repairs and voids to help reduce repairs outstanding.

Social housing lettings turnover and social housing lettings margin

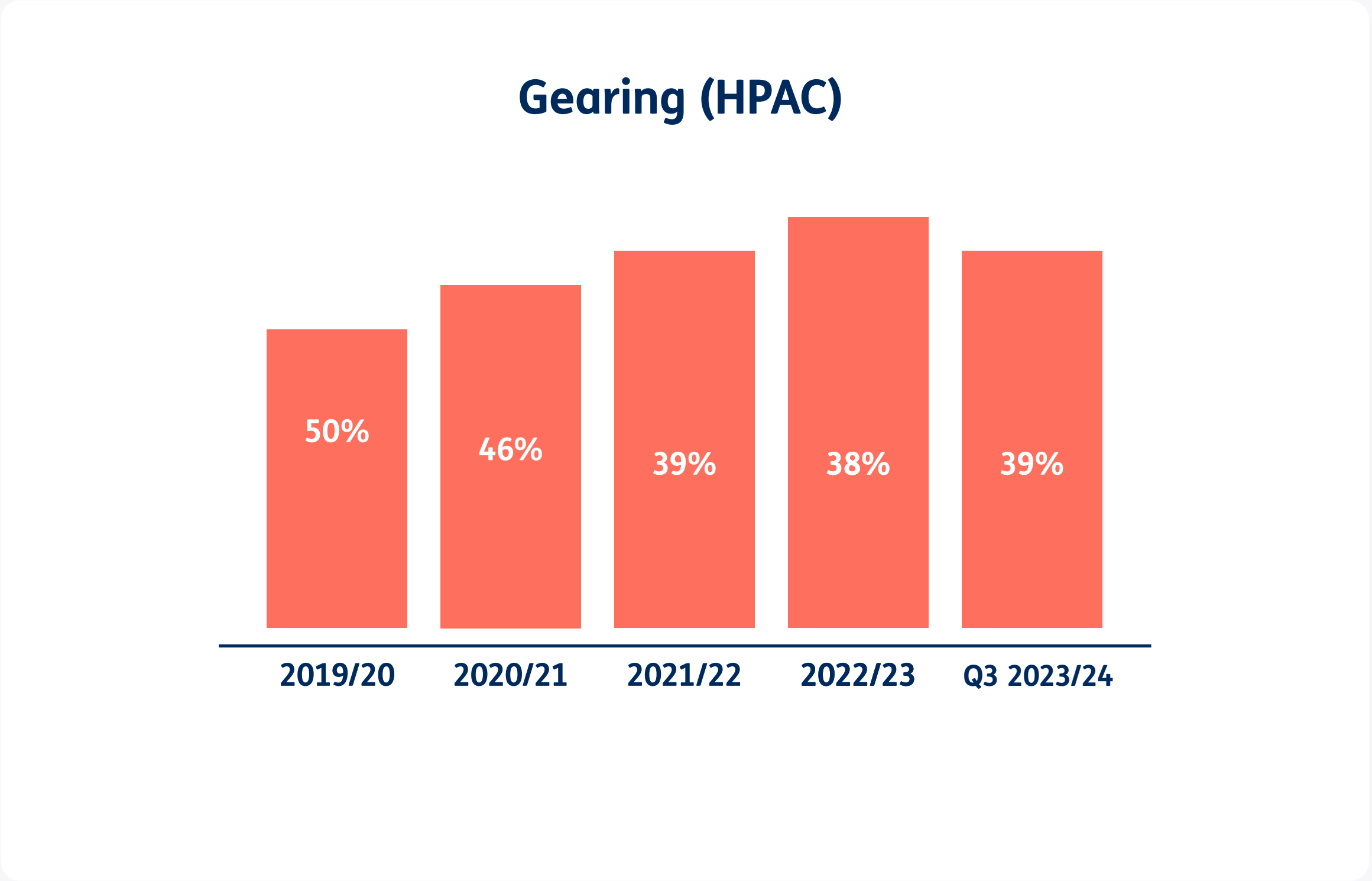


Strong social housing lettings turnover that increases year on year.
Margins have reduced in the past two years as we invest more in frontline services.

Financial Performance – 5 year trend



Sufficient headroom on bank interest cover however less flexibility to access interest cover capacity due to restrictive bond covenant.



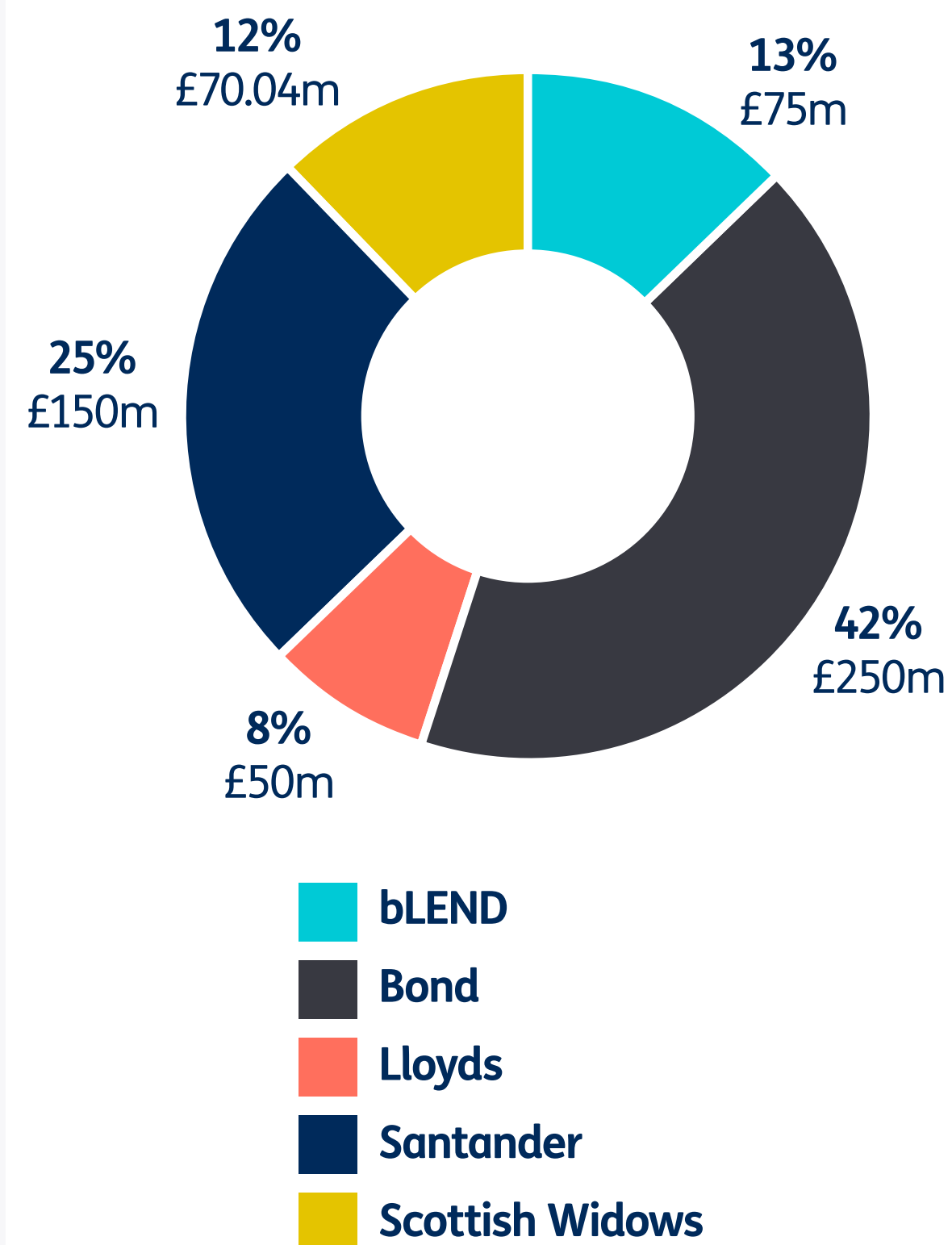
Sufficient gearing capacity to continue to develop new homes.

Treasury

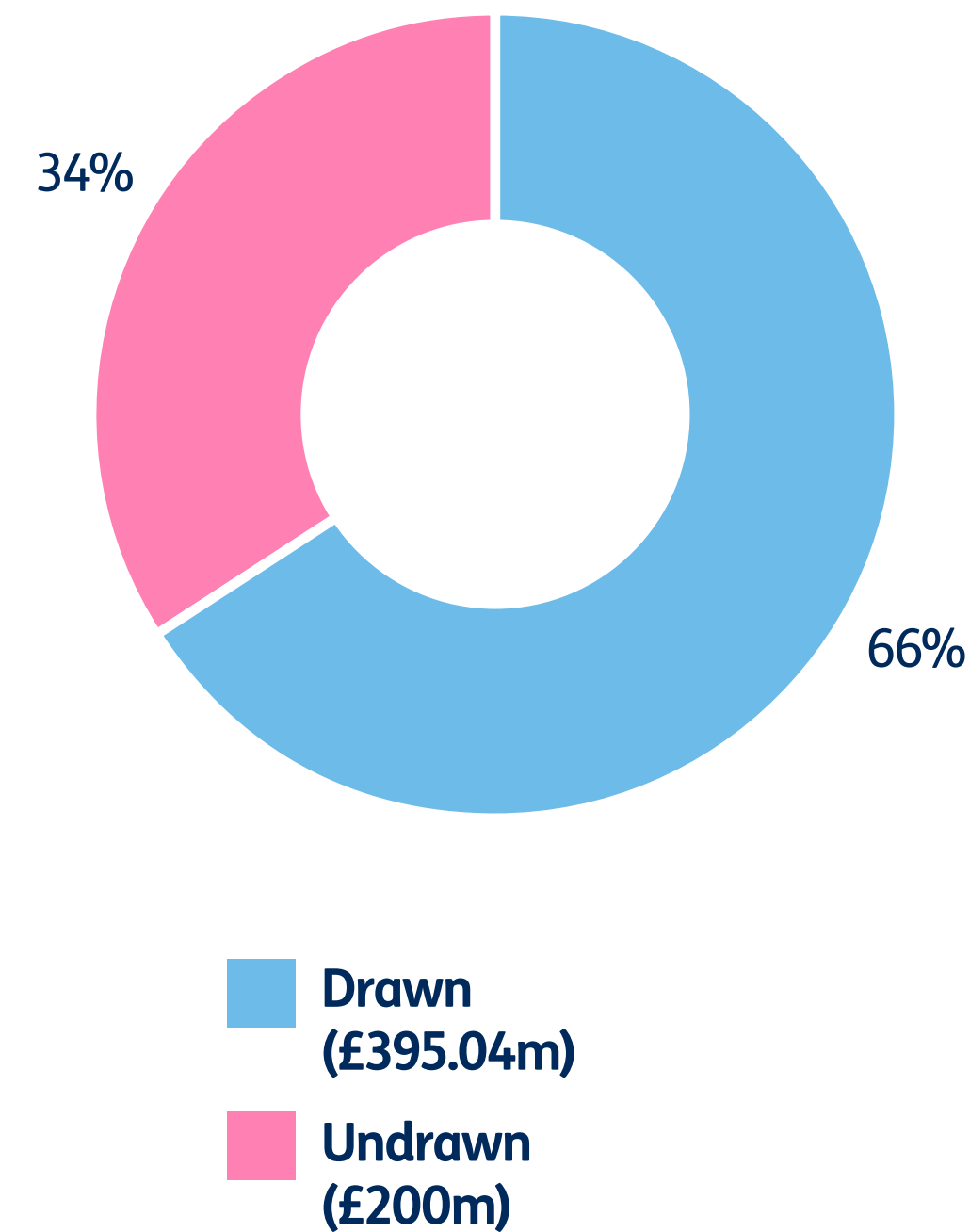


Treasury Position

Total facilities (£595.04m)



Drawn vs Undrawn



The Group has a cautious risk appetite in relation to its debt portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs. Treasury activities are also supported by independent professional advice.

The Group finances its activities using facilities of £595m, made up of several funding sources as shown in the chart. Strong liquidity is also in place as 34% (£200m) of secured facilities are currently undrawn.

Key Treasury Metrics

The dashboard below shows that all golden rules are complied with and no triggers have been activated. Current reflects the forecast position at 31 March 2023.

1. Interest cover



a. Headroom on bond 110% covenant

Golden rule:	Trigger:	Current:
130%	135%	270%

b. Trigger and golden rule (a) still complies if all profit from property sales is removed

Current: **213%**

c. Social housing lettings interest cover

Golden rule:	Trigger:	Current:
1.5x	1.6x	2.0x

2. Sales exposure



a. Turnover from sales as a % of total turnover

Golden rule:	Trigger:	Current:
20%	15%	14%

b. Capital committed to open market sales

Golden rule:	Trigger:	Current:
£20m	£17.5m	£4.6m

3. Security



a. Asset cover for charged homes

Golden rule:	Trigger:	Current:
7.5%	10%	22%
above covenant	above covenant	above covenant

b. Encumbered plus unencumbered homes as a percentage of debt requirement

Golden rule:	Trigger:	Current:
110%	115%	185%

4. Liquidity



a. Cash plus undrawn facility balances

Golden rule:	Trigger:	Current:
minimum	minimum	
£20m	£30m	£224m

b. Liquidity period

Golden rule:	Trigger:	Current:
minimum	minimum	
18months	24months	48months

5. Development exposure



a. Net development costs as a % of turnover

Golden rule:	Trigger:	Current:
75%	70%	64%

6. Gearing



a. HPAC to be maintained below funder's 65% covenant

Golden rule:	Trigger:	Current:
60%	55%	40%

Contact Information



Contact Information

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