



2025-26 Performance to September 2025

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Key messages and highlights

- G1/V1 Regulator of Social Housing grading reaffirmed in December 2024.
- A (negative outlook) Standard & Poor's credit rating affirmed in October 2025. Their rating reflected their view that we have increased investment in existing homes but are confident that we are taking the action we need to control costs.
- All financial covenants have been met with sufficient headroom for future risks.
- Sufficient cash reserves and undrawn facilities.
- Additional AHGS (Affordable Homes Guarantee Scheme) funding was received during the quarter – this adds a further £32m of funding to our business plans. This contributes to our development programme and investment into existing properties.

Financial highlights for the period: April to September 2025 (unaudited)

- Turnover for the period is £39.2m (2024: £38.4m)
- Social housing contributed to 90% of total turnover (2024: 86%)
- Operating surplus for the period was £11.8m (2024: £12.3m)
- Operating margin on social housing lettings was 31% (2024: 34%)
- Overall operating margin was 30% (2024: 32%)
- Overall operating margin (excluding asset sales) was 32% (2024: 33%)
- The overall surplus for the period was £11.8m (2024: £12.3m)
- Funders' EDITDA to interest cover forecast for 2025-26 is 2.64 (covenant 1.40) (2024-25: 3.10)
- Gearing forecast for 2025-26 is 62% (covenant 75%) (2024-25: 59%)



Financial performance: April to September 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Apr - Sept Budget	Apr - Sept Actual	Variance
	£000's	£000's	£000's
Income			
Social housing lettings	35,207	35,295	88
Other social housing activities	3,876	2,492	(1,384)
Non social housing activities	1,472	1,462	(10)
	40,556	39,249	(1,307)
Expenditure			
Social housing lettings	(24,582)	(24,425)	157
Other social housing activity	(4,624)	(2,239)	2,385
Non-social housing activity	(792)	(744)	48
	(29,998)	(27,408)	2,590
Operating Profit	10,558	11,841	1,283
Operating profit %	26%	30%	4%
EBITDA MRI as % Revenue	19%	23%	4%
Gain or (loss) on disposals	565	1,257	692
Net interest (payable)/receivable	(5,410)	(5,066)	344
Tax	0	0	0
Actuarial Gain/(Loss) in respect of Pension Scheme	0	0	0
Total comprehensive income for the year	5,712	8,032	2,320

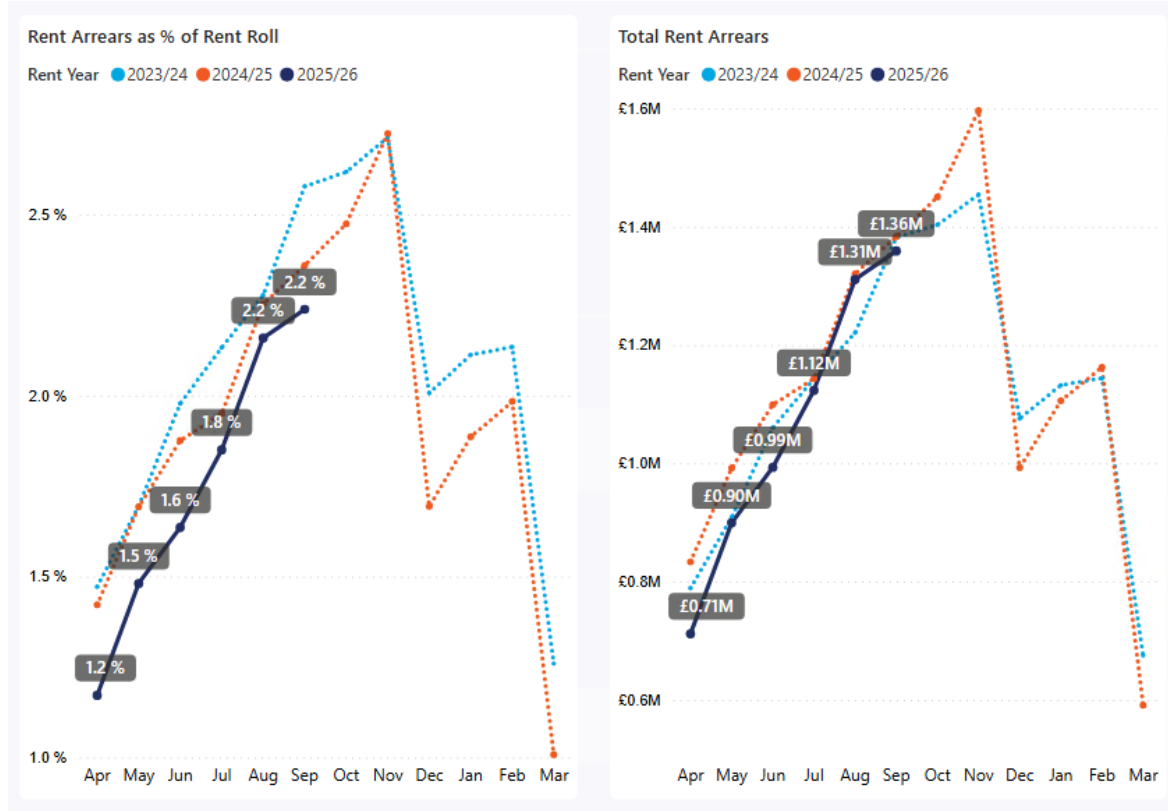
Financial performance April to September 2025: variance to budget

Operating profit of £11.8m is £1.3m higher than budget and the operating margin is higher at 30%, compared to budget of 26%. This is mainly due to profit on shared ownership sales being higher than budgeted due to the phasing of the Development programme.

Overall, total comprehensive income of £8.0m is £2.3m higher than budget.



Arrears: social and affordable homes



September 2025 arrears position

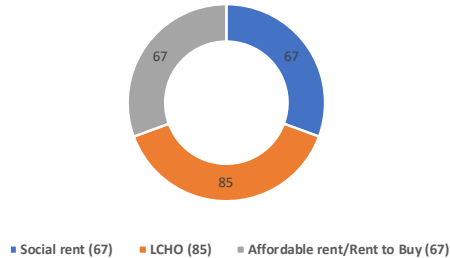
Rent arrears as a percentage of rent roll in September was 2.2%. This is below that in the previous two financial years. The year is forecast to end on trend with that in previous years.

Total rent arrears was £1.36m, on trend with the previous two financial years.

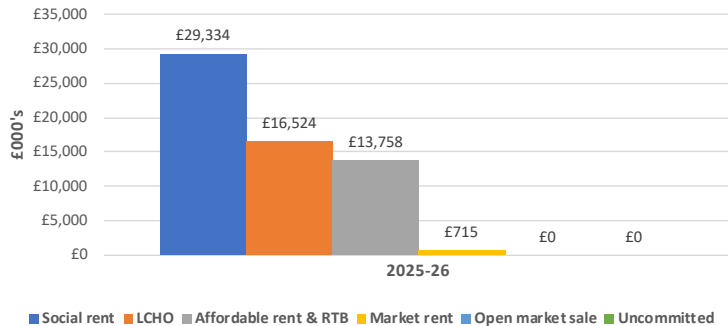


Development performance

Forecast unit completions 2025/26 - 219



Development expenditure



Development forecast performance to September 2025

Total forecast spend in 2025-26 of £60.3m is higher than budget (£46.6m) mainly due to:

- Land payment (£6m) of Farnborough development scheme being rephased from prior year into this new financial year, due to delays in planning, and
- £7m on new six named development schemes being added into the year. Cashflows have been rephased from futures years. These units will be handed over in futures years.

219 homes were handed over during the year to March 2025 – this is lower than budget of 274, due to delays in finalising the quality of works on Peasehill and Station Court development schemes.

Year to date shared ownership first tranche sales income of £1.4m is lower than the year-to-date budget £3.7m. This is mainly due to sales income forecast to be received later in the financial year – full year forecasts to receive a total of £5.5m of sales income (compared to budget of £6.1m). Also, for prudence, schemes which could received sales income in quarter 4 have had their forecasts moved into year 2026/27.

As at the 30 September, 635 units are secured and committed, and 189 units are in the pipeline. 41% of approved development expenditure is committed and 15% is awaiting approval.

Business plans are built with prudent assumptions to effectively manage risks associated with new development such as falling property values, rent values and sales risk.

Homes England grant funding under the new programme is currently under review – this is likely to be launched in Autumn. Our business plan assumes current grant rates to continue as part of the extended programme.

No reliance on sales income and/or grant income to meet financial covenants so business plans can operate effectively within their funding facilities.

