2025-26 Performance to December 2025

Areas to cover

Key messages and highlights

- G1/V1 Regulator of Social Housing grading reaffirmed in December 2025.
- 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.

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

- Turnover for the period is £58.2m (2024: £56.7m)
- Social housing contributed to 87% of total turnover (2024: 85%)
- Operating surplus for the period was £15.5m (2024: £16.3m)
- Operating margin on social housing lettings was 29% (2024: 30%)
- Overall operating margin was 27% (2024: 29%)
- Overall operating margin (excluding asset sales) was 28% (2024: 29%)
- The overall surplus for the period was £15.5m (2024: £16.3m)
- 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%)

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Financial performance: April to December 2025

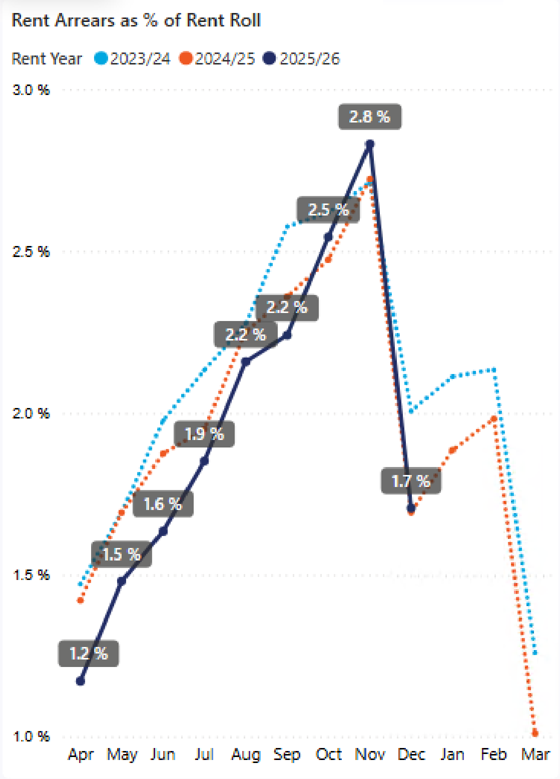
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Apr - Dec Budget	Apr - Dec Actual	Variance
	£000's	*£000's*	*£000's*
Income			
Social housing lettings	50,447	50,493	46
Other social housing activities	5,161	5,531	370
Non social housing activities	2,191	2,168	(23)
	57,799	58,192	393
Expenditure			
Social housing lettings	(36,563)	(35,986)	576
Other social housing activity	(5,958)	(5,629)	328
Non-social housing activity	(1,213)	(1,101)	112
	(43,733)	(42,717)	1,016
Operating Profit	**14,065**	**15,475**	**1,410**
Operating profit %	24%	27%	2%
EBITDA MRI as % Revenue	17%	20%	2%
Gain or (loss) on disposals	848	2,253	1,405
Net interest (payable)/receivable	(8,115)	(7,813)	302
Total comprehensive income for the year	**6,797**	**9,915**	**3,118**

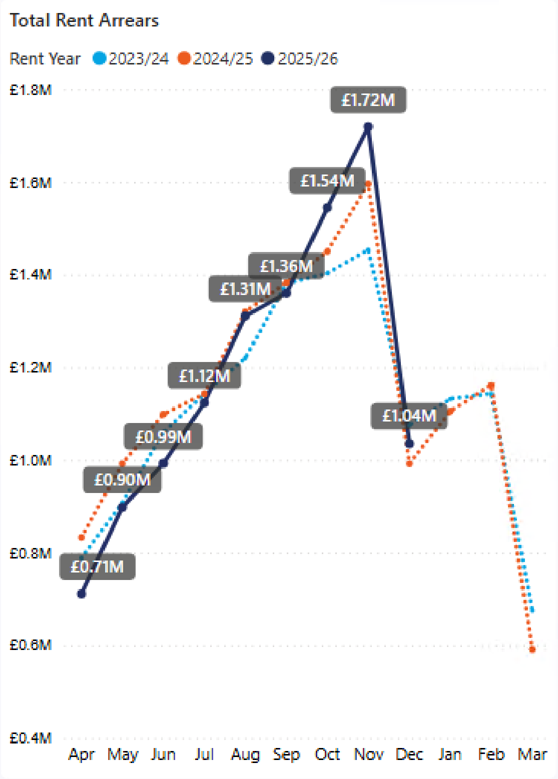
Financial performance April to December 2025: variance to budget

Operating profit of £15.5m is £1.4m higher than budget and the operating margin is higher at 27%, compared to budget of 24%. 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 £9.9m is £3.1m higher than budget.

Arrears: social and affordable homes



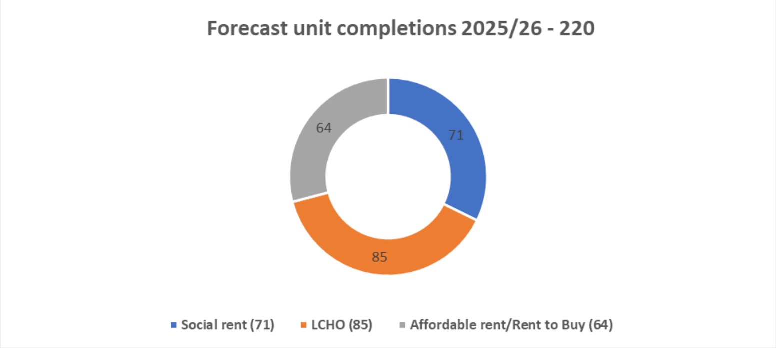


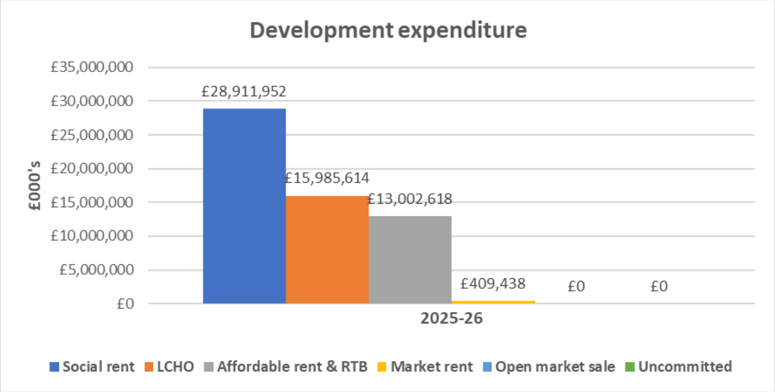
December 2025 arrears position

Rent arrears as a percentage of rent roll in December was 1.7%. 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 £1.04m, on trend with the previous two financial years.

Development performance





Development forecast performance to December 2025

Total forecast spend in 2025-26 of £58.3m 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,
- £10m on new seven named development schemes being added into the year. Cashflows have been rephased from futures years. These units will be handed over in futures years, and
- this additional spend in the year has been offset by rephasing of £5m into 2026/27 on three schemes.

220 homes are forecast to be handed over during the year to March 2026 – this is lower than budget of 274, due to delays in planning and questions around the standard of completion on the properties at three schemes.

Year to date shared ownership first tranche sales income is marginally higher than the year-to-date budget £5m.

As at the 31 December, 688 units are secured and committed, and 212 units are in the pipeline. 46% of approved development expenditure is committed and 19% 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 Social & Affordable Homes Programme 2026 to 2036 bidding will be opening from 24th February 2026. Our business plan assumes current grant rates to continue as part of the extended programme, however, we do expect to see an improvement in the per unit rates.

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