2024-25 Performance to Mar 2025

Areas to cover

Key messages and highlights

- G1/V1 Regulator of Social Housing grading reaffirmed in December 2024.
- A (stable outlook) Standard & Poor's credit rating affirmed in October 2024. The rating reflects the expectation that FHG's increased investments in existing homes will keep S&P Global Ratings-adjusted EBITDA margins from strengthening past 20% over the next two years. They expect that management's solid strategic planning and prudent risk management, alongside very strong liquidity, will support a gradual recovery, though not to levels previously forecast.
- 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 March 2025 (unaudited full year accounts)

- Turnover for the period is £76.3m (2023-24: £64.7m)
- Social housing contributed to 83% of total turnover (2023-24: 87%)
- Operating surplus for the period was £20.1m (2023-24: £15.2m)
- Operating margin on social housing lettings was 30% (2023-24: 27%)
- Overall operating margin was 26% (2023-24: 24%)
- Overall operating margin (excluding asset sales) was 29% (2023-24: 32%)
- The overall surplus for the period was £11.9m (2023-24: £7.7m)
- Funders' EDITDA to interest cover forecast for 2024-25 is 3.38 (covenant 1.40) (2023-24: 3.31)
- Gearing forecast for 2024-25 is 60% (covenant 75%) (2023-24: 58%)

Financial performance: April 2024 to March 2025 (unaudited full year accounts)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Apr - Mar Budget	Apr - Mar Actual	Variance
	£000's	*£000's*	*£000's*
Income			
Social housing lettings	63,275	62,947	(328)
Other social housing activities	9,793	10,410	617
Non social housing activities	2,938	2,898	(40)
	76,006	76,255	249
Expenditure			
Social housing lettings	(46,897)	(44,059)	2,838
Other social housing activity	(9,622)	(9,307)	315
Non-social housing activity	(1,504)	(2,790)	(1,286)
	(58,024)	(56,156)	1,868
Operating Profit	**17,982**	**20,099**	**2,117**
Operating profit %	24%	26%	3%
EBITDA MRI as % Revenue	18%	18%	0%
Gain or (loss) on disposals	1,303	1,338	35
Net interest (payable)/receivable	(8,996)	(8,772)	224
Tax	0	0	0
Actuarial Gain/(Loss) in respect of Pension Sche	0	(739)	(739)
Total comprehensive income for the year	**10,289**	**11,926**	**1,637**

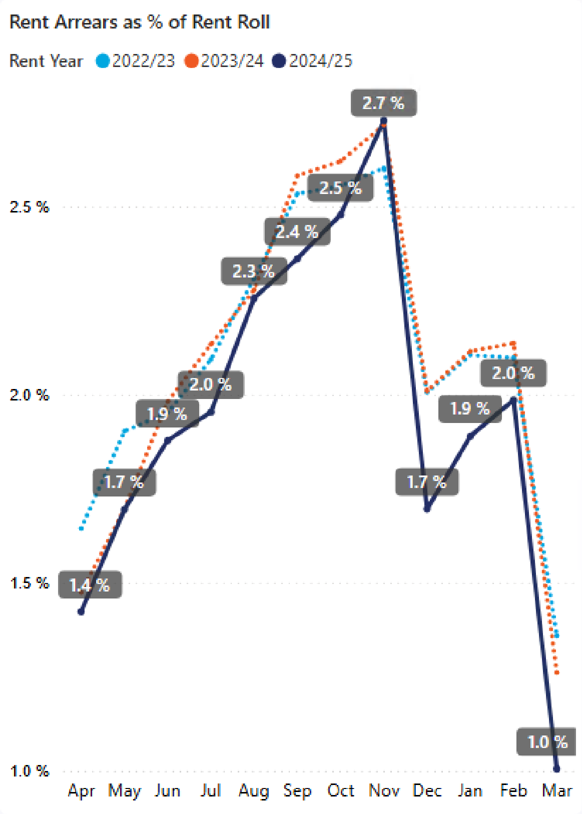
Financial performance April 2024 to March 2025 (unaudited full year accounts) : variance to budget

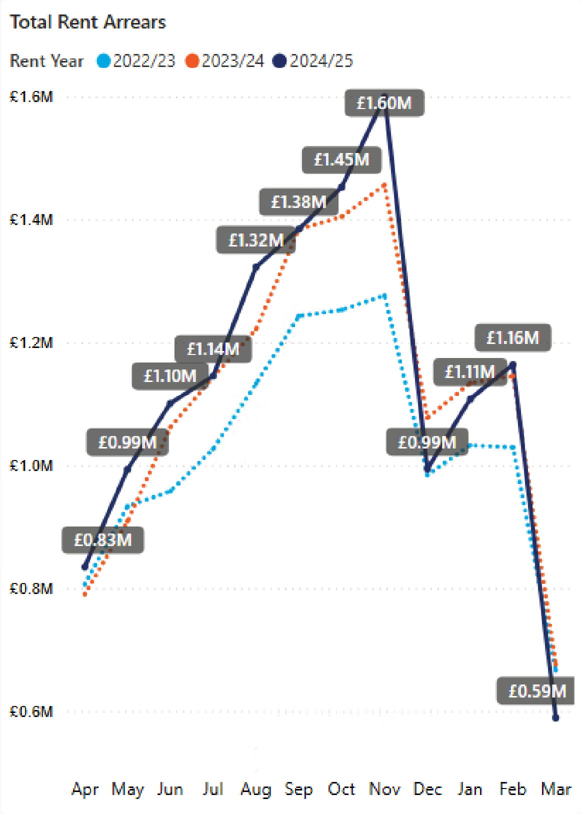
Operating profit of £20.1m is £2.1m higher than budget and the operating margin is higher at 26%, compared to budget of 24%. This is mainly due to expenditure being lower than budgeted due to:

- Management charges being 1.1m below budget due to staff vacancies and lower project spend, and
- Repairs are lower than budgeted, as a higher proportion of spend has ben capitalized.

Overall, total comprehensive income of £11.9m is £1.6m higher than budget. This is mainly due to the reduced costs to more repairs being capitalized during the year

Arrears: social and affordable homes



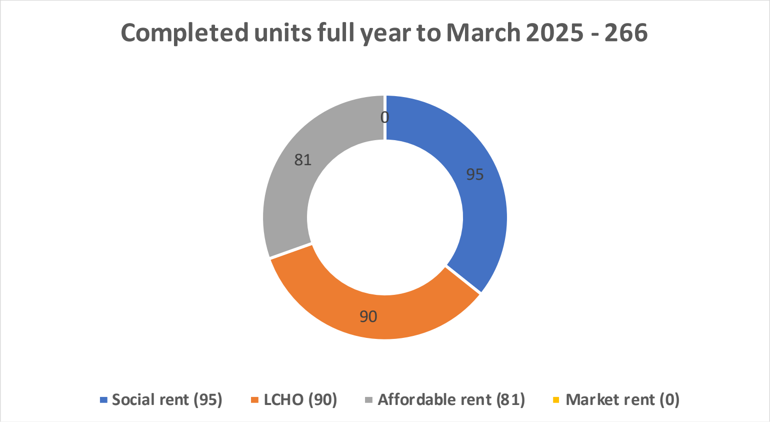


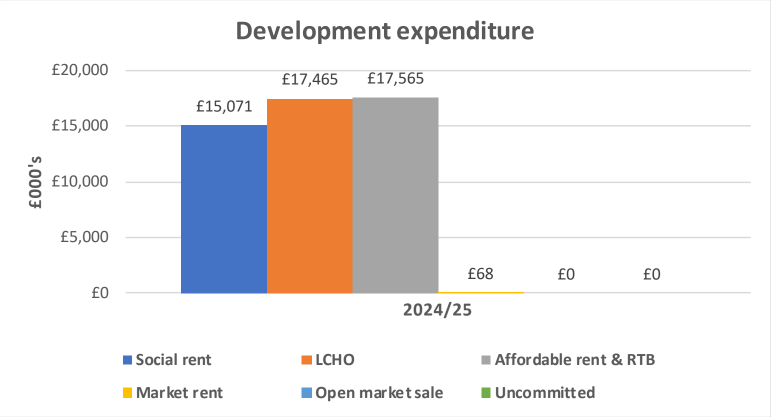
March 2025 arrears position

Rent arrears as a percentage of rent roll in December was 1.01%. 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 £0.59m, on trend with the previous two financial years.

Development performance





Development forecast performance to March 2025 (unaudited full year accounts)

Total forecast spend in 2024-25 of £50.2m is lower than budget (£51.7m) due to phasing of schemes across the whole programme. 266 homes were handed over during the year to March 2025 – this is higher than budget of 248.

Full year (unaudited) sales activity for the year to March generated £10m - this is more than budget £9.7m. This additional income is mainly due to higher than budgeted percentage sale purchased being higher than budgeted.

As at the 31 March, 759 units are secured and committed, and 180 units are in the pipeline. 46% of approved development expenditure is committed and 18% 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 has awarded £171m of grant under the Affordable Homes Programme to a joint bid between Futures, Midland Heart and EMH. This provides the Group with an additional £32m in funding which contributes towards delivering 409 homes. As part of the Autumn Budget Statement, the government is adding a further £500m to the Affordable Housing Programme in 2025-26, plus a further allocation was announced in March 2025. It is expected that at the Government Spending Review in June there will be an announcement on the next grant funding programme, this is likely to include a formal prospectus about the programme. It is likely that formal contract for the grant would be entered into later this year. 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.