



Building homes, independence and aspirations

**Trading update including final
results for the year ended 31 March
2025**

Home Group Limited (Home Group) issues its final results for the year ended 31 March 2025.

These figures are provided for information purposes only.

Annual Highlights

- Own and manage over **57,000** homes, over 90% of which are affordable housing, across 196 local authority areas; with 50% of stock within twelve local authorities.
- House over **125,000** people in our homes across England and Scotland, including accommodation-based support for over 14,000 customers with mental health and physical needs.
- Delivery of **1,437** new homes, 766 of which are affordable tenures.
- Surplus before tax of **£34.7 million**.
- Allocated £28 million from the Warm Homes fund to retrofit 3,500 homes building on our learning from the Social Housing Decarbonisation Fund.
- Undrawn, committed, available borrowing facilities and cash at 31 March 2025 of **£310 million** with a **further £230 million** in committed facilities in the process of being secured at the year end.
- Rating from Regulator of Social Housing at **G1 V2 following an In-Depth Assessment in March 2024** which was reaffirmed following a stability check in January 2025.
- S&P rating maintained at **A- (stable) in August 2025**.
- **9th best workplace**, 13th best workplace for development, and 8th best workplace for women in the UK, in the 2025 Great Place to Work Survey (super large employer category).
- We continue on our long-term sustainability roadmap and will shortly publish our latest achievements within our annual Environmental, Social and Governance (ESG) report under the Sustainability Reporting Standard for Social Housing.

Commenting on the results, Helen Meehan, Chief Financial Officer said:

"After a number of challenging years for the sector and society, we are pleased to report strong and improving performance across many areas of our business for the year ended 31 March 2025. We have responded positively and proactively to the challenges facing us – increasing demand on our maintenance service, the need to balance investment in new and existing homes, increased regulatory scrutiny and the pressured environment for commissioning care and supported services – and have maintained an absolute focus on delivering to our mission: Building homes, independence and aspirations.

We end the year with a surplus before tax of £34.7 million – an £11.5 million improvement on the previous year and ahead of target. We saw improvements in many of our key financial metrics and continue to have strong levels of headroom against all our financial covenants.

We recognise our duty to invest in our existing customers' homes, and we invested nearly £175 million in improving and maintaining those homes this year. We look forward to building on our experiences of retrofitting over 1,000 homes through the Social Housing Decarbonisation Fund with our recently secured £28 million allocation of funding from the Warm Homes Fund. We also delivered more than 1,400 new homes in the year, including 766 affordable homes. We have built on our strong relationships with trusted development partners enabling access to high quality housing which meets our customers' needs.

Finally, we have made great strides in implementing our regional model to service delivery with our Regional Directors out talking to customers and building regional plans to address the needs of their communities."



Key Financials

Key Financial Indicators	12 months ended 31 March 2025	12 months ended 31 March 2024
Turnover (£000)	505,436	493,189
Operating surplus (£000)	87,597	71,943
Operating margin ¹	15.5%	12.7%
Operating margin (social housing lettings) ¹	20.4%	18.9%
Operating margin (property sales)	11.4%	5.4%
Surplus before tax (£000)	34,742	23,176
Gearing ¹	42.8%	42.9%
Interest cover (EBITDA MRI) ¹	105.9%	109.7%
Net debt per unit (£)	24,485	23,721

Following a number of years with external challenges, the economic environment stabilised over the course of the financial year and this, combined with a focus on our strategic priorities, has resulted in a strong financial performance this year. Turnover increased by £12.3 million to £505.4 million, mainly due to an increase in income from social housing lettings of £26.6 million and an increase on shared ownership first tranche sales of £13.1 million. This was partly offset by a reduction in income of £30.9 million from outright property sales with lower volumes of homes developed and sold on the open market. The increase in social housing lettings income reflects the 7.7% rent increase implemented on 1 April 2024 along with additional rent and service charge income from new homes for rent.

Operating costs increased by £19.7 million (5.0%). The main drivers for this are increases in expenditure associated with our social housing lettings including higher repair costs due to higher demand for our responsive repairs, higher management costs which includes staff costs reflecting our continued commitment to pay the Real Living Wage and higher property costs such as utilities, cleaning and gardening. Despite these increases in some of our operating cost lines, we have continued to focus on managing our overall cost base and have seen improvements in our overall operating margin and in the operating margin for social housing lettings.

Surplus before tax is £34.7 million – an £11.5 million improvement on the previous year (2024: £23.2 million). The improved operating surplus was compounded by a £1.6 million increase in surpluses from our joint venture activities. Offsetting the improved surpluses was a £3.3 million increase in net finance costs reflecting higher borrowings to support our investment in new and existing homes.

Gearing remains in line with the prior year and is low compared to our peers. The marginal reduction of 0.1% reflects a 5% increase in the net book value of our housing properties to £3.00 billion (2024: £2.87 billion), offset by a 5% increase in drawn borrowings to £1.35 billion (2024: £1.28 billion). Borrowings, together with capital grant and net cash from our operating activities enable us to continue to invest in our existing homes and in new affordable homes.

Interest cover (EBITDA MRI)¹ has fallen slightly to 105.9% (2024: 109.7%) reflecting the higher levels of investment in our existing homes in the last year. We continue to have significant headroom against all our lender covenants with our tightest group interest cover covenant at over 200% with minimum permitted cover of 100%.

¹ Value for Money metric as defined by the Regulator of Social Housing

Development and sales

Development completions	12 months ended 31 March 2025 No. of homes	12 months ended 31 March 2024 No. of homes
Social/affordable rent	402	760
Affordable home ownership	364	156
Outright sale	155	136
Joint ventures	258	232
Flexi rent	258	-
Total homes handed over	1,437	1,284

In 2024/25 we have delivered 1,437 new homes, of which 766 were affordable. Build completions were ahead of expectation through strong project management and good working relationships with partners on site. The majority of homes delivered have been across longer term projects.

The targeted increase in the development of affordable home ownership properties, along with continuing to work with joint venture partners has contributed to our sales success.

We also completed 258 homes at Milliners Yard, Liverpool as part of our work with CT UK Residential Real Estate Fund to deliver our unique approach to Build to Rent which delivers a blend of market rent and discounted market rent homes outside of a s106 without the need for grant. We believe this innovative approach to Build to Rent homes can help deliver long term stable rental communities and better align funders, stakeholders and renters.

Our development activity is subject to a robust risk management framework with development schemes subject to scrutiny at our Development Committee and Board and schemes will only proceed if target development KPIs are achieved.

New build sales	12 months ended 31 March 2025 No. of homes	12 months ended 31 March 2024 No. of homes
Affordable home ownership	323	142
Outright sale	136	159
Joint ventures	231	165
Total sales completed	690	466
Homes held for sale as at 31 March (stock)	143	132

We have continued to see a positive sales performance in 2024/25 despite various challenges in the market. In particular, we have seen strong demand in our shared ownership homes where sales more than doubled in comparison to the previous year. This is proving to be a very important tenure, helping purchasers get onto the housing ladder in the absence of Help to Buy or other initiatives.

Sales have continued to be strong heading into the early part of 2025/26 – over 100 of the homes held for sale at the end of March were sold in the first four months of the year. We have also recently launched new schemes to the market which have seen high demand and consistent sales rates, with new schemes still to launch offering further opportunities. We are also expecting a high volume of sales from our joint ventures.

Asset management

Maintenance	12 months ended 31 March 2025 £'000	12 months ended 31 March 2024 £'000
Routine maintenance	64,592	54,814
Planned maintenance	32,553	30,411
Major repairs expenditure	10,165	13,986
Capitalised works	67,386	50,238
Amount spent on improving and maintaining customers' homes	174,696	149,449

Total maintenance spend was £25.2 million higher than in 2023/24 due to increased investment in our homes.

Routine maintenance costs have increased by 18% to £64.6 million. Whilst inflation remained at lower levels than previously seen, and therefore was less of an influence on our maintenance cost base, we have experienced further increased demand in terms of volumes of responsive repair and maintenance jobs this year which has contributed to the cost increase. Furthermore, the contracting environment remains challenging and following the early exit of one contract, we faced additional costs as we sought alternative providers at short notice to maintain this important service to our customers. We now have Direct Labour Organisations delivering responsive repair and void maintenance services in three of our regions, covering over 28,000 homes, and providing us with more flexibility and control over our maintenance operations in future.

Capitalised works increased by 34% to £67.4 million. This increase was anticipated within our programme of improvements in our existing homes based on our stock condition information. The works included energy efficiency improvements as we undertook further retrofit works to reduce customers' energy bills line with our sustainability agenda.

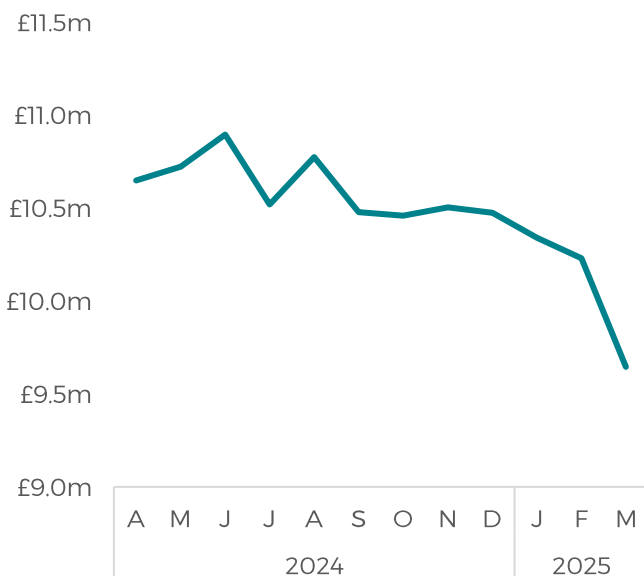
Treasury and financing

As at 31 March 2025 net debt was £1,287 million (2024: £1,232 million) and available liquidity in the form of committed, undrawn facilities and cash was £310 million (2024: £314 million). There were also further committed increases in extended and new revolving credit facilities of £230 million that are in the process of being secured, providing further liquidity. The proportion of drawn debt that was fixed at 31 March 2025 was 72.9% (2024: 74.4%). We continue to have a substantial pool of unencumbered properties available to charge as security against future borrowings.

In March, we concluded negotiations to increase our revolving credit facilities by £260 million of which £30 million was available for drawing at 31 March 2025 with the remaining £230 million in the process of being secured as referenced above. Through these negotiations we secured competitive financial terms and greater alignment of financial covenants as well as increasing the pool of funders we have an active borrowing relationship with.

Operational performance

Current rental arrears trend

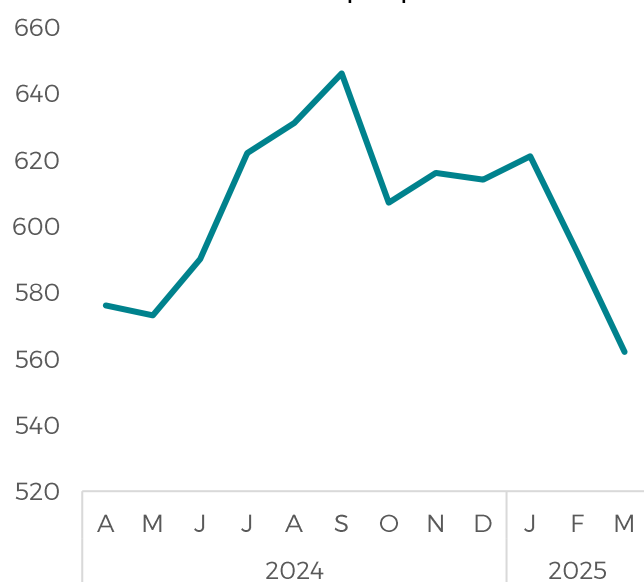


There was a reduction in rental arrears for our rented homes throughout 2024/25 following focus on rental arrears and targeted work to support our customers to sustain their tenancies. Our continued focus on maximising income resulted in our March arrears position being £9.6 million - its lowest position in the last 7 years.

Current rental arrears did increase as expected in Q1 2024/25 in line with the timing of payment schedules for housing benefit and universal credit around month end. In early 2024 we introduced our in house developed arrears case management portal, supporting teams' focus on maximisation of income collection and mitigating the risk associated with customers moving from housing benefit to universal credit. This supported an ongoing decrease in arrears, albeit there was an increase in Q2 2024/25 in line with seasonal factors in August 2024.

At 31 March 2025, rental arrears for our rented homes were 3.49% of rental income (Mar-24: 4.10%).

Number of un-let properties



The number of un-let general needs properties at the year-end was 562 (2024: 550). Un-let properties peaked at 646 in September 2024 following onboarding of new contractors but subsequently reduced to 562 at year end following delivery of our recovery plan.

The cumulative loss for voids for rented properties for 2024/25 was 1.42% (2023/24: 1.45%).

Summary financial statements

Income & expenditure	12 months ended 31 March 2025 £'000	12 months ended 31 March 2024 £'000
Turnover	505,436	493,189
Other operating income	-	450
Cost of sales	(56,183)	(79,664)
Operating expenditure	(370,722)	(351,068)
Surplus on disposal of housing properties	9,066	9,036
Operating surplus	87,597	71,943
Share of profit in joint ventures and associates	2,329	690
Interest receivable	6,791	5,535
Interest payable	(61,976)	(55,014)
Surplus before taxation	34,742	23,176

Summary balance sheet	At 31 March 2025 £'000	At 31 March 2024 £'000
Housing properties	3,004,876	2,869,388
Properties held for sale	53,812	80,781
Investments	76,419	80,421
Cash and cash equivalents	61,571	44,778
Loans and borrowings	(1,348,503)	(1,277,159)
Deferred capital grant	(966,987)	(957,868)
Other assets and liabilities	(40,641)	(35,599)
Net assets	840,547	804,742

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