Bromford.

Trading update

For the six months ended 30 September 2024

Contents

Mid-year highlights

2024 to 2025

G1/V1
Regulatory ratings

A+/A2
Credit ratings

47,658
Homes owned and/or managed

457
New homes built

£34m
Investment in our existing homes

£167m
Turnover

88%
Social housing lettings contribution to total turnover

£50m
Operating surplus

Excluding asset sales

34%
Operating margin on social housing lettings

42%
Asset gearing

1.8x
EBITDA MRI interest cover

Key figures

Robert Nettleton
Chief Executive Officer

Key figures	30 Sep 24	30 Sep 23
Turnover	£167m	£153m
Social housing lettings turnover	88%	86%
Operating surplus (excluding asset sales)	£50m	£48m
Operating margin[1] on social housing lettings[2]	34%	34%
Overall operating margin[3] (excluding asset sales)	30%	31%
Net arrears[4]	4.3%	4.3%
Asset gearing[5]	42%	41%
EBITDA MRI interest cover[6]	1.8x	2.2x

Sustainability	30 Sep 24	30 Sep 23
Number of new social rent homes	220	212
Homes at EPC C or above	89%	87%
Customer advocacy[7]	90%	89%

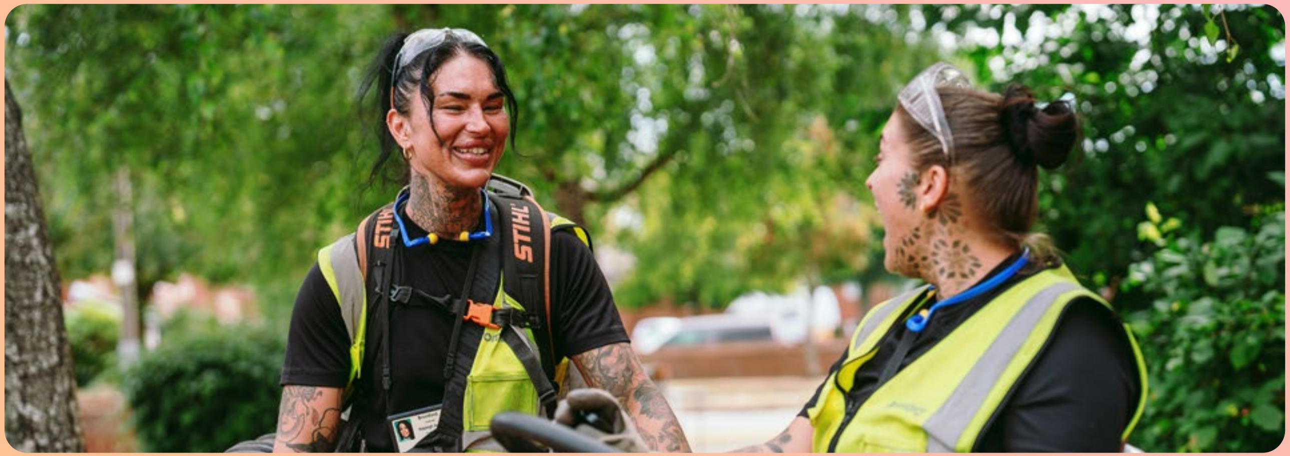
We are pleased to report a strong set of mid-year results for financial year 2024 to 2025. During the six month period we have seen continued elevated levels of demand for many services, particularly repairs, the introduction of new regulatory standards, and a change in government, all of which have impacted our business plan and operating model. Against this backdrop we have maintained our key financial metrics and credit ratings whilst investing £34m in our existing homes and delivering 457 new homes.

In June 2024 we announced our intention to merge with Flagship Housing Group and plan to merge in the first half of 2025. This will create additional capacity of nearly £2bn over the next 15 years to deliver at scale and help support the government in its target to build 1.5 million new homes in the next five years. We also welcome the announcements in the recent Budget on expanding funding for the Affordable Homes Programme and a reaffirmed commitment to a long-term rent settlement which will help to provide some much needed certainty to our sector in the coming years.

Our ambition to build new homes sits alongside our commitment to customers in our existing homes. Now in the second year of our Bromford Strategy 2023 to 2027, we have developed our understanding of how to help shape places to best serve the diverse needs of our communities. We have launched the first of four place-based pilots and are excited to take these forward to strengthen local relationships and see our customers thrive.

We continue to invest in our homes to not only reduce the impact on the environment but to reduce home running costs. Through further investment, over 89% of our homes are now at EPC C. Customer advocacy for the first half of the year was 90% whilst the Regulator's Tenant Satisfaction Measure of overall satisfaction was 83%. We continue to roll out our new asset management system to streamline the data we hold on our homes and leverage this to be even more proactive in their management and maintenance.

We recognise that there is always more to do and continue to closely monitor complaints. During the period, we had two cases of severe maladministration from the Housing Ombudsman - one in respect of delays on a major repair and the second relating to communication. We take these findings seriously and continue work to fully embed the learnings from these cases.



Financial performance

Paul Walsh
Chief Finance Officer

We are pleased to report another strong set of financial results for the six months ending 30 September 2024. Like the rest of the sector, we have faced persistent cost pressures and increased demand for our repairs and maintenance services. In the first six months of the year we have invested £34m in our existing homes to respond to this demand and significantly reduce our repairs backlog. We are committed to delivering the best possible outcomes for our customers whilst also maintaining financial discipline and have maintained our social housing operating margin at the leading edge of the sector at 34%.

Total turnover was £167m, up 9% from the previous year, with 88% coming from our core business of social housing. Our overall operating margin was 30%, down from 31% in the prior year. This is in part due to increased demand for repairs with 20% more demand year-on-year in the first six months. We expect this to continue into the second half of the year. In addition, lower margin on the first tranche sale of shared ownership homes at 15% (2023: 21%) also had an impact on overall operating margin. The expenditure on reducing our outstanding repairs in the period has resulted in a lower EBITDA MRI interest cover figure year-on-year (1.8x down from 2.2x).

Our key asset gearing and interest cover ratios were all at or better than budgeted levels, supporting our financial viability and sector-leading credit ratings which remain A+ and A2 from S&P and Moody's respectively. Our strong credit profile provides us with the foundations for growth; we delivered 457 new homes in the period, and we continue to develop our business plan to support the delivery of new affordable homes in our communities.

88%
Social housing lettings contribution to total turnover

34%
Operating margin on social housing lettings

30%
Operating margin

Statement of comprehensive income	30 Sep 24 Actual	30 Sep 24 Budget	30 Sep 23 Actual
Turnover from social housing lettings	£147m	£148m	£132m
Turnover	£167m	£171m	£153m
Operating surplus (excluding asset sales)	£50m	£55m	£48m
Surplus after tax	£36m	£35m	£33m

Margins	30 Sep 24 Actual	30 Sep 24 Budget	30 Sep 23 Actual
Operating margin[1] on social housing lettings[2]	34%	36%	34%
Overall operating margin[3] (excluding asset sales)	30%	32%	31%
Overall operating margin[3] (including asset sales)	35%	36%	35%
Operating margin on shared ownership (first tranche)[8]	15%	17%	21%
Operating margin on outright sales[9]	22%	18%	n/a[a]

a. There were no homes sold outright in the prior year.

Key financial ratios	30 Sep 24 Actual	30 Sep 24 Budget	30 Sep 23 Actual
EBITDA MRI interest cover[6]	1.8x	1.8x	2.2x
EBITDA interest cover (funder covenant)[10]	3.4x	3.1x	3.3x
Social housing interest cover[11]	1.9x	1.9x	2.0x
Asset gearing[5]	42%	42%	41%

Liquidity	30 Sep 24 Actual
18 month liquidity requirement[12]	£309m
Cash and undrawn facilities	£658m
Liquidity ratio[13]	2.1x
Unencumbered stock (number of homes)	6,701
Unencumbered stock (debt capacity)	£555m

Treasury and sustainability

Matthew Rose
Director of Treasury

We continue to seek new funding to support our ambitious new homes development plan, our investment in existing homes, and meeting our sustainability ambitions whilst maintaining a strong credit rating position. In July 2024 we maintained our A+ stable credit rating with S&P. We raised £200m via new term loan facilities with NatWest, linked to Scope 1, 2 and 3 carbon emissions intensity and social rent development targets.

We have also recently published an updated Sustainable Finance Framework and Use of Proceeds Report for the c£150m of funding received in the previous financial year from Legal and General Investment Management and the private placements with North American and UK investors. These accompanied the Sustainability Impact Report for the year to March 2024.

We continue with innovative sustainable financing arrangements in the sector and the portfolio now includes the first loans linked to reducing the intensity of our Scope 1, 2 and 3 carbon emissions, as well as other measures including improving our customer advocacy and actioning our outstanding repairs. These Sustainability Linked Loans (SLLs) all carry stretching ESG targets, and it is acknowledged that we may not always meet every target. The reporting against SLLs provides greater visibility and accountability on ESG performance. Some of the targets for the current year covering repairs, gender pay gap and coaching customers into employment or training are challenging. Progress against these is regularly reviewed at the Sustainability Group.

We expect to return to the market for new funding over the coming year and have significant capacity for additional borrowing. We will aim to strengthen and develop relationships with existing investors and continue to explore opportunities to diversify funding streams, especially as the merger with Flagship creates one of the strongest UK housing associations.

3.4x
EBITDA interest cover

£658m
Cash and undrawn facilities

2.1x
Liquidity ratio

A+/A2
S&P/Moody's credit ratings

Environmental	30 Sep 24	30 Sep 23
Homes at EPC C or above[14]	89%	87%
Scope 1, 2 and 3 emissions intensity[15]	30.18 kg/m²	n/a[a]

Social	30 Sep 24	30 Sep 23
Market-social rent differential[16]	52%	53%
Number of affordable homes completed	453	472
of which social rent homes	220	212
Customer advocacy[7]	90%	89%
Average live repairs[17]	11,843	n/a[b]
Customers coached into employment or training[18]	26	n/a[b]

Governance	30 Sep 24	30 Sep 23
Board and Executive male:female ratio	9:3	9:4
Gender pay gap[19]	3.8%[c]	3.8%
Ethnicity pay gap[20]	3.9%[c]	3.9%
Colleague sick days[21]	7.7	9.4
Landlord compliance:		
Gas safety	100%	100%
Fire safety	100%	100%
Decent homes	99.79%	99.5%
Complaints upheld by Ombudsman	14[d]	9[d]
Adverse regulatory findings	0	0

a. Data rebaselined for 31 March 2024
b. Introduced as a golden metric at 31 March 2024
c. Gender and ethnicity pay gaps reported at same snapshot date in both years
d. Of which two were severe maladministration in both years

Customer experience

Paul Coates
Chief Customer Officer

We believe the most important relationships are the ones with our customers. One of the areas that differentiates us from other housing organisations is our investment in neighbourhood coaches, which is enabled through our strong financial performance. Our coaching model is unique; it seeks to build a strengths-based relationship rather than a one size fits all and encourages connections between customers, neighbours and communities.

93% of customers not only know their neighbourhood coach but over 88% of customers would recommend them. This investment provides us with a great platform to deliver from and we know it delivers results - including sector leading figures on customer advocacy, 90%, and against the Regulator's Tenant Satisfaction Measures we score 83% on customer satisfaction, marking us out as a top 20% performer.

Our ambitions and efforts are not limited to coaching – in the same way as we recognise customers are all very different, so are communities and each has different strengths and needs. This year, through a series of pilots we will bring our place based teams together and develop ways of working that brings us closer to each other, to customers and stakeholders.

Early signs from the pilot are positive and I am excited that these initiatives, our engagement with customers and through our partnerships will enable us to create homes and places we can all be proud to live in.

90%
Customer advocacy (internal measure)

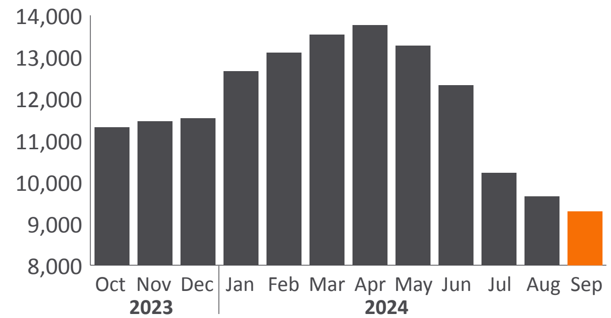
83%
Overall satisfaction (Tenant Satisfaction Measure)

93%
Customers know their neighbourhood coach

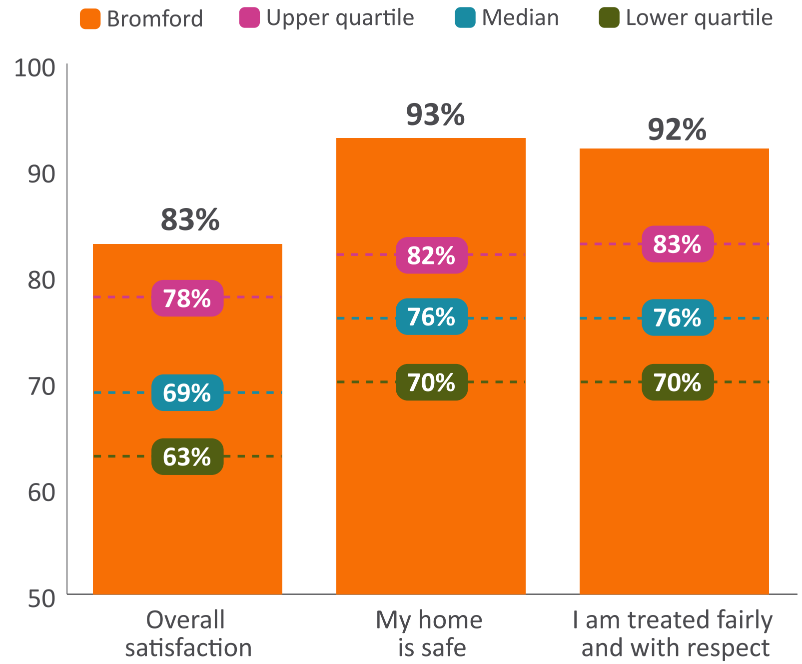
4.3%
Net arrears (2023: 4.3%)

383
Voids (2023: 430)

Outstanding repairs



Tenant Satisfacton Measures (TSMs) performance versus our peers[a]



a. Housemark TSM financial year 2023 to 2024 year-end results. Peer group consisted of 221 landlords choosing to submit year-end TSM results for the period April 2023 to March 2024.

Building new homes

Cath Jarrett
Director of Sales and Marketing

Amanda Swann
Development Director

220
Soical rent homes

125
Affordable rent homes

108
Shared ownership homes

c.11,000
Homes by 2032

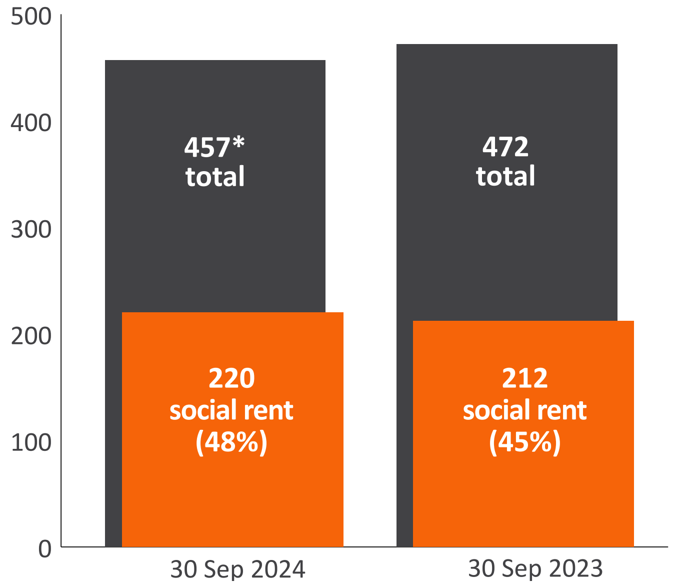
Against a continued challenging economic backdrop, we have built 457 new homes, the majority of which are affordable tenure homes with only four for sale on the open market. Social rented homes represent almost half of new homes delivered as we strive to provide the most affordable homes for our customers. According to **Inside Housing's annual Biggest Builders Survey**, we were ranked first in the country for the number of social rent homes completed during financial year 2023 to 2024 and have built more social rent homes than any other housing association in the country over the past four years. We continue to pursue our development aspirations, with a plan for 11,000 new homes by 2032.

Our wholly-owned construction company, Bromford Developments Limited, has delivered 53 homes in the first half of 2024 to 2025. We continue to purchase land and pursue in-house delivery at greater volumes, and the second half of the year is forecast to be busy with the team targeting completion on a further 170+ homes.

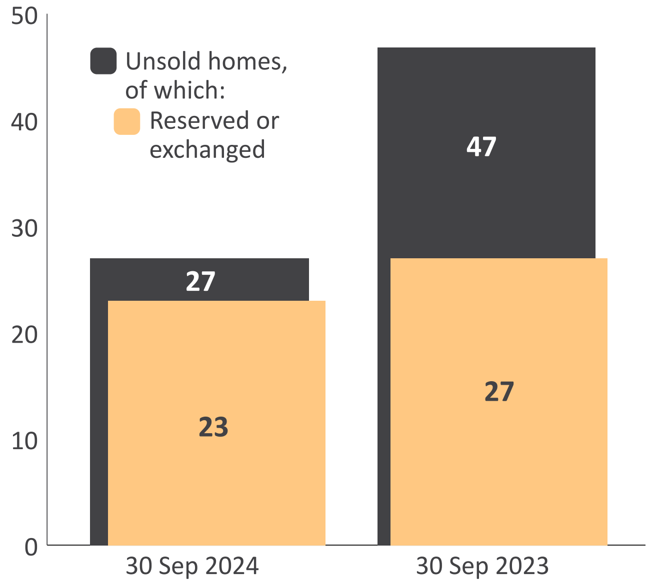
We have seen the first handovers at our iconic in-house construction site at Delavale Road in Winchcombe (100 homes) and at Douglas House in Cheltenham (71 homes) and work has now concluded at Old Gloucester Road in Cheltenham (85 homes). We have also had planning successes with sites in both Gloucester and the Cotswolds obtaining planning permission, the latter being a regeneration of an area, which will deliver 82 new affordable homes.

Sales remain strong with a continued focus on shared ownership to support aspiring customers onto the property ladder. At 30 September 2024 we had just 27 unsold homes, 23 of which were reserved or exchanged and 19 of which were less than three months old. Demand for this tenure remains high in our core geographies and we will continue to pursue a targeted marketing strategy to bolster engagement with the scheme.

Homes built



Unsold homes (all shared ownership)



*Includes four homes built for outright sale

Sustainability golden metrics

Sustainability Linked Loans:

ABN·AMRO
LLOYDS BANK
BARCLAYS
NatWest
HSBC
SMBC

89%
Homes at EPC C or above

30.18kg/m²
Scope 1, 2 and 3 emissions intensity

52%
Market-social rent differential

220
New social rent homes

90%
Customer advocacy

11,843
Average live repairs

26
Customers coached into employment or training

9:3
Board and executive male:female ratio

3.8%
Gender pay gap

3.9%
Ethnicity pay gap

7.7
Colleague sick days

99.79%
Decent Homes Standard

100%
Gas and fire safety

14
Complaints upheld by Ombudsman

0
Adverse regulatory findings

Case study

Environmental: Bid provides funding for energy efficiency improvements to 250 homes

In March 2023 we learned that we'd been successful in securing Government funding to improve the energy efficiency of some of our homes and keep them warmer for longer.

We partnered with the West Midlands Combined Authority and 14 other housing associations and charities to secure £18m from the Social Housing Decarbonisation Fund (SHDF). We received £2.5m and have match-funded it to carry out energy efficiency improvements and reduce carbon emissions and lower the energy bills of 250 of our poorest-performing properties. The homes are located across the whole of our operating area and after surveying them we've identified the improvements needed to bring them up to an energy efficiency rating of EPC C. Every home is different but by taking a fabric-first approach we've put together a programme of work that includes installing solar panels, new cavity wall and loft insulation as well as replacing existing windows and doors. We're also reviewing and updating or changing the heating systems in each of the homes, ensuring customers have the most efficient systems that enable them to keep their homes warm.

Investment delivery manager John Wootton, who is overseeing the SHDF work, said: "We've already completed work to the first 60 homes and are on track to finish the work to all 250 by autumn 2025 next year. These were some of our least energy efficient homes and are spread across our entire operating area.

"We're looking at doing as much as we can with each home, because it does cause disruption to the customer and we want the work to have as much impact as possible to improve the warmth of their homes. And we have to look at what's best for the customer, their lifestyle and their home and come up with solutions that they are happy with. The good news so far is that the majority of feedback we've had has been positive; customers are saying they are feeling their homes are warmer almost immediately and hopefully when we go back to them in a year's time we'll hear that their bills were lower as well."

We're committed to improving the energy efficiency of all our homes and are on track to make close to all our homes EPC C by 2028. By September 2024 more than 89% of our 47,000 homes had an energy efficiency rating of C or above.

Case study

Social: Land acquired for 100+ homes in South Gloucestershire

We're preparing to start work on a new housing development in South Gloucestershire which will provide homes for more than 100 families after finalising a deal to buy the land in May 2024.

We agreed a multi-million pound deal to acquire the 16 acre site which already had planning permission for 118 homes. Plans for new homes on the site, which comprises four fields off Iron Acton Way in Yate, were originally approved by South Gloucestershire in 2021. Since completing the purchase of the land, we have been making preparations to begin preliminary work on the site before the end of the year.

We will be providing a mix of rental and part-buy part-rent shared ownership homes on the site, including homes for social rent, which is the lowest rent available and usually around half the value of the local market rent. We will be retaining some of the existing established trees to provide focal points for the green spaces on the development, as well as building a play area and allotment space.

The development will be part-financed through funding from our strategic partnership with Homes England.

Head of Land Adam Frontczak, said: "We're delighted to have secured this site which will provide more affordable housing for Yate and will now be a 100% affordable housing development with a mix of homes to rent and homes to part-rent part-buy through shared ownership. Demand for high quality, affordable housing remains high throughout South Gloucestershire and this development will help meet local needs and provide homes for more than 100 local families.

"We have a clear ambition to build more of our homes ourselves and already in 2024 have completed purchases of land across the West of England that will allow us to build 600 new homes. We're in a really strong financial position and are keen to secure more land to allow us to continue our ambitious housebuilding programme of delivering 11,000 new homes by 2032."

Case study

Governance: Place-based working pilot underway in Staple Hill

Last year we launched our Bromford Strategy 2023 to 2027 which committed us to becoming a place-based organisation. To do this we will need to transform the way we work to ensure we focus on the diverse needs of our customers and communities.

We're trialling this new way of place-based working in four very different communities across our operating area, starting with Staple Hill, a high-density urban area in South Gloucestershire. It was chosen for the pilot due to its high demand for housing services, social challenges, and diverse housing stock, including ageing high-rise flats, bungalows, and an independent living scheme.

In August we put a cross-functional team of 16 colleagues together, comprising neighbourhood coaches, engineers and landscapers among others to work together in Staple Hill. The team have been given the flexibility to experiment with new approaches to working together that best suits both them and the community and have been empowered to ensure issues are responded to and resolved as quickly as possible, without having to escalate everything to a leader.

Place Team Leader Angela Manson said: "The problem we are trying to resolve is customers feeling that Bromford doesn't care, that they are chasing us all the time and that we're not responding. But now we have a team that are committed and passionate about the pilot, who are on site and embedded in that community, and can talk to each other to resolve things quickly."

In just eight weeks both colleagues and customers are already starting to see promising benefits to place-based working. By having three engineers responsible for all repairs in the area, it means that they get to know customers and their circumstances better.

Staple Hill resident Harley Makepeace said: "We'd have different repairs guys each time and we'd have to go through the whole thing with them each time, but now we're seeing a lot more of the same people. They come in and they'll talk to my son, and say 'Hi dude, how are you?'"

Fellow resident Sky Oakes-Nash added: "I'm very hopeful that things will really develop and get much better than they have been. I think this is the way forward. I think it's a big improvement and the future is looking so much brighter because of place-based working."

With the Staple Hill pilot up and running, we're now preparing to launch the three other pilot schemes in Lichfield, Moreton-in-Marsh, and South Staffordshire. We've already had some glimpses of what it could become but the true impact of place-based working and how it can improve community engagement, operational efficiency and allow us to provide a better service to our customers will be realised over time, as we continue to learn from the pilots, refine the approach and roll it out to even more areas.

Notes

These results for 30 September 2024 are unaudited and are provided for information purposes only. The 30 September 2023 comparators are provided on a like-for-like basis and are also unaudited.

1. Operating surplus/turnover.
2. General needs, supported housing, affordable rent and low cost home ownership tenures.
3. Operating margin including asset sales includes all activity; operating margin excluding asset sales removes gain or loss on disposal of assets.
4. Current customer arrears for general need and housing for older people customers, less expected housing benefit at the end of the year as a % of the annual rent receivable for the year.
5. Net debt/housing assets at historic cost.
6. (Operating surplus excluding asset sales + interest receivable + depreciation – amortisation of government grant – capitalised major repairs)/interest payable (excluding capitalised interest).
7. The total number of respondents who answered a score of 7, 8, 9 or 10 (out of a ranking system of 1 (lowest) to 10 (highest)) to the question "would you recommend Bromford to a friend?", expressed as a percentage of the number of overall respondents who answered the advocacy question in outbound calls on transactional service areas from the customer care team in the reporting period.
8. Operating surplus on first tranche shared ownership sales/turnover from first tranche shared ownership sales.
9. Operating surplus on outright sales/ turnover from outright sales.
10. (Operating surplus excluding asset sales + gain on disposals + depreciation on housing properties + major repairs through the SOCI – amortisation of government grant) /net interest payable (excluding capitalised interest).
11. Operating surplus from social housing lettings/net cash interest paid.
12. 18 month cashflow requirement – 20% of sales income + £25m.
13. Cash and undrawn facilities/ 18 month liquidity requirement
14. Including both existing and new homes.
15. Total carbon emissions (scope 1, 2 and 3) in kilograms, measured across the 12 month period to the reporting date, divided by the total floorspace of our homes in metres squared, measured at the reporting date.
16. The average social rent of our homes in our most recent (2023-2024) SDR submission across our geographies. This is expressed as a percentage difference from the average market rent across our geographies taken from ONS data for the year to 31 March 2024, (private rent and house prices uk - private rent for local areas - Office for National Statistics (ons.gov.uk)) per the September 2024 iteration of the month report.
17. The total average number of outstanding repair jobs calculated as the average of each of the 12 month end positions up to and including 30 September 2024 (including, but not limited to, repairs relating to condensation, damp and mould) which Bromford has agreed to carry out on its properties but which remain outstanding.
18. The number of unemployed residents of Bromford properties who entered either employed work or substantive, career-enhancing training as a result of a Bromford-led coaching programme during the reporting period, as supported by a signed customer testimonial.
19. Difference between the median hourly pay of male and female colleagues reported on the Gender Pay Gap Service at a snapshot date of 5 April 2023.
20. Difference between the median hourly pay of white and ethnic minority colleagues reported internally at a snapshot date of 5 April 2023.
21. The mean number of days of sickness leave taken per employee of Bromford in the reporting period.

This trading update contains certain forward looking statements about the future outlook for Bromford. These have been prepared and reviewed by Bromford only and are unaudited. Forward looking statements inherently involve a number of uncertainties and assumptions. Although the directors believe that these statements are based upon reasonable assumptions on the publication date, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual and audited outcomes and results to be materially different. Additionally, the information in this statement should not be construed as solicitation or recommendation to invest in Bromford's bonds.

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