

Green Square Accord

Trading Update

Unaudited financial results for the half year to 30 September 2026

Welcome

We are pleased to report our half year results from 1 April 2026 to 30 September 2026. The first half of 2026/27 demonstrates the benefits of actions taken to simplify and strengthen the organisation. Operating surplus increased by £6.8m to £33.0m, while EBITDA MRI interest cover improved to 128%, reflecting improved operating performance, continued cost discipline and the positive impact of exiting loss-making activities.

The increased operating surplus is due to;

- Inflationary increases to rental income
- Closing the operations of loss-making subsidiary LowCarbonLiving Homes Limited
- Organisation wide resource efficiency programme with a focus on reduced staff costs and improved control framework.
- Focus on core service improvements and reduced cost leakage in areas such as voids, disrepair, compensation costs and costs associated with the management of complex assets (long term voids)
- Stabilisation of repairs costs from increased outputs from the internal team resulting in reduced reliance on third party contractors and the clearance of legacy work in progress
- Continued strong property sale performance

More detail is provided below.

This performance has been achieved in what remains a challenging operating environment, with increased demand for services and therefore cost pressures, particularly in repairs and maintenance, as being experienced across the sector.

As we progress through this fourth year of our Simpler, Stronger, Better strategy we continue to focus on investment in our existing homes, alongside improving our customer offer.

Following a period of being under review, the Regulator of Social Housing (RSH) published its latest regulatory judgement. The judgement has resulted in a Governance grading of G3 and a Financial Viability grading of V3, following an investigation into our compliance with the Governance and Financial Viability Standard. There has been no change to our Consumer Standard grading of C2.

The Regulator's findings focus on areas including financial governance, risk management, internal controls and the quality of information used to support decision-making. The Regulator also concluded that, while improvement programmes have been established, it has not yet seen sufficient evidence that these actions have delivered sustainable improvements across the organisation.

We recognise the need to continue strengthening how we operate. At the same time, it is important to acknowledge that this judgement reflects a period that has already prompted significant change, and many of the actions we have taken are now beginning to deliver positive results. Over recent months, we have strengthened governance arrangements, increased scrutiny and oversight, improved financial reporting, commissioned independent reviews, enhanced risk management processes and accelerated several improvement programmes.

Since the publication of the regulatory judgement, management and the Board have accelerated a programme of governance, risk and control improvements. Delivery against these programmes remains on track and is subject to enhanced Board oversight. The Group's financial capacity, liquidity and covenant compliance remain robust throughout the improvement period.

Despite the regulatory downgrade, the Group continues to maintain strong liquidity, remains compliant with all lender covenants and continues to have access to sufficient funding to deliver its business plan.

In summary, we continue to meet our lender obligations, provide services to thousands of customers every day and remain focused on delivering safe, quality homes and services. We have a clear improvement plan in place and are focused on embedding lasting change across the organisation. As we continue to deliver our Simpler, Stronger, Better strategy, we remain focused on strengthening our organisation, improving outcomes for customers and demonstrating sustained progress.

Mona Shah

Chief Finance and Investment Officer

Key metrics

FITCH RATING **A- (negative)**

MOODY'S RATING **BAA1 (stable)**

REGULATORY JUDGEMENT **G3/V3/C2**

PROPERTIES EPC C+ **73%** [1]

INTEREST COVER EBITDA **190%** [4]

EBITDA MRI INTEREST COVER **128%** [5]

GEARING **52%**

LIQUIDITY **36 months**

CAPITAL INVESTMENT IN EXISTING HOMES **£14.4m**

OPERATING MARGIN **32%***

**21% exc. property sales*



Our 2023-28 Simpler, Stronger, Better business strategy sets out four objectives with a number of workstreams and projects towards achieving our five year aims. Our key achievements in the six months to September 2026 under these were:

We will simplify and strengthen our business

We have continued to exit from non-core activity and have closed our factory at LoCaL Homes. We have also reviewed organisational structures to remove levels of management in order to better respond to our customers needs with a clear focus on improving how our customers money is spent. A number of projects are underway to improve our systems, processes and services to improve our asset management, compliance and data quality as well as other core system integrations.

We will improve our customer offer

Our 2025-2028 digital priorities will continue to significantly improve our customer self-service offer for those who want to access our services by creating a cloud based omni-channel solution to provide more ways that our customers can speak with us.

We will invest in our existing and new homes

- Invested £14.4m in our existing homes, including continuing delivery of fire safety works and upgrades to kitchens, bathrooms, windows and doors.
- Delivered £1.3m of investment under the Warm Homes: Social Housing Fund (WH:SHF) to improve the energy efficiency of properties and bring them up to a minimum EPC C through measures such as loft and cavity wall insulation, air-source heat pumps, solar PV panels and other ventilation improvements.
- Handed over 120 new affordable units, with a forecast for the year of 279 units in total to be delivered.

We will create a culture which empowers our people

Customer feedback has been used to shape services and improvements. This approach requires colleagues to be engaged in listening to customers, responding to feedback and driving service improvements.

Financial performance

Income and expenditure

	Sep 2026 £000	Sep 2025 £000
Turnover	103,683	102,545
Cost of sales	(1,481)	(5,289)
Operating costs	(80,447)	(80,835)
Surplus on Property sales	11,226	9,713
Operating surplus	**32,981**	**26,134**
Interest receivable	1,975	1,600
Interest payable and financing costs	(26,050)	(26,028)
Share of operating deficit in Joint Venture	(47)	(39)
Surplus for the year	**8,859**	**1,667**

The increase in turnover is primarily driven by inflationary increases applied to rental income and income from new homes brought into management of £3.7m (120 new build handovers) and service charge income of £1.3m, offset by reduced revenue from property disposals (93 unit sales).

Offsetting the above is reduced turnover (£3.2m) from subsidiaries as we exit non-core activities. Turnover from first tranche sales is also £1.0m lower as 3 sales were made compared to 14 in the prior period, largely due to the reduction in our development programme.

Cost of sales have decreased in line with the exit from non-core activities and the reduction in property sale activity.

Operating costs have marginally decreased year on year due to lower overall spend of £2.6m across planned and responsive repairs, this is despite achieving our commitment to reduce work in progress levels alongside increased demand. Further overhead savings of £0.8m have been made across legal & professional fees and compensation payments which offsets small increases in other areas, and a net £0.3m of savings from staff reductions which more than offset the impact of annual pay awards.

Sales

Sales on shared ownership staircasing sales have provided a surplus of £1.5m, in addition to £9.6m on strategic asset management disposals and £0.1m on Right to Buy sales in the period to 30 September 2026.

Key Performance Indicators

Operating margins have improved significantly during the period, reflecting the benefits of actions taken to simplify and strengthen the business, including the exit from loss-making activities, improved cost control and continued focus on operational efficiency. These improvements have also contributed to stronger EBITDA interest cover and EBITDA MRI interest cover metrics.

	Sep 2026	Sep 2025
Operating margin overall [2]	22%	16%
Operating margin (social housing lettings) [3]	30%	19%
EBITDA interest cover [4]	190%	151%
EBITDA MRI interest cover [5]	128%	111%

Funding

The level of drawn debt remains stable as existing funds support our investment in existing stock and the committed development pipeline.

Undrawn facilities have reduced following a reduction in revolving credit being required.

Total facilities are equivalent to over 36 months liquidity for the Group, which is above our golden rule level of 24 months. This provides certainty of funding to deliver the corporate plan whilst also protecting the Group from economic uncertainty.

	Sep 2026	Sep 2025
Drawn debt	£1,162m	£1,164m
Undrawn facilities	£128m	£230m
Cash	£75m	£92m
Gearing	52%	51%

Statement Of Financial Position

	Sep 2026 £000	Sep 2025 £000
Housing properties	2,074,497	2,064,990
Other fixed assets	24,568	23,588
Current assets	102,651	130,997
Current liabilities	(117,338)	(125,437)
Total assets less current liabilities	**2,084,378**	**2,094,138**
Creditors due > one year	(1,523,082)	(1,533,147)
Pensions and other provisions	(8,894)	(10,171)
Total Net Assets	**552,402**	**550,820**
Total Reserves	**552,402**	**550,820**

Investment in existing homes

We have invested £11.0m in our major works programme, demonstrating our commitment to providing the homes people want, where they're needed. Key areas of investment in 2026/27 have included doors, kitchens, heating, windows, fire compartmentation and roofs. In addition, we have invested £3.4m on works such as warden call systems and fire alarms in order to keep our customers safe in their homes, as well as decarbonisation work detailed below.

Decarbonisation

Working with the West of England Combined Authority (WECA) we have secured part funding to improve the energy efficiency of 882 of our customer's homes. WECA has acted as the lead bidder for a group of 18 housing providers, known as the South West Net Zero Hub consortium, to the Warm Homes: Social Housing Fund. The fund is administered by the Department of Energy Security and Net Zero and provides support to uplift the energy performance certificate (EPC) of social homes up to a 'C' rating. So far we have invested £1.3m into our homes from this fund.

	Sep 2026	Sep 2025
Void losses [6]	3.5%	1.9%
Current tenant arrears [7]	4.56%	5.02%

Void losses

Void losses increased to 3.5% in the period. This principally reflects a change in the allocation of out-of-management allowances, which has improved transparency over the true cost of holding long-term void properties and complex assets. This revised approach provides greater visibility of underperforming stock and supports more timely decision making regarding re-let, investment or disposal strategies.

Performance in our core voids operation has improved during the period, with strengthened governance, enhanced monitoring and tighter management of re-let times helping to reduce turnaround times and improve the speed at which homes are returned to customers. The elevated void loss position is therefore impacted by a number of long-term and complex assets rather than wider deterioration in day-to-day void performance.

Voids remain a key area of operational focus for the Group. A dedicated monthly performance group reviews void performance, individual high-cost and long-term vacant properties, and progress against recovery plans. This enhanced oversight is already helping to accelerate actions on problematic assets and improve asset utilisation, with reducing void losses remaining a priority as part of our wider efficiency and asset optimisation programme.

Rent arrears and bad debts

Total rent collected is 98.48%, with current tenant arrears as a % of our annual rent debit being 4.56%, and former tenant arrears being 3.73%. Current tenant arrears performance remains below our target levels and reducing bad debt continues to be a key area of focus for the Group. Whilst arrears performance has remained broadly stable during the period, management is focused on delivering sustainable long-term improvement. The Group continues to review arrears performance on a regular basis and remains committed to delivering sustained improvements while balancing effective income recovery with appropriate customer support.

Notes

1 Including both new and existing homes completed before the end of the last financial year

2 Operating margin (overall): operating surplus / turnover

3 Operating margin (social housing lettings): social housing lettings surplus / social housing lettings income

4 EBITDA interest cover: (operating surplus excluding major repairs and including property sales + depreciation – amortisation) / (interest payable and financing costs excluding capitalised interest + pension deficit finance costs + interest receivable)

5 EBITDA MRI interest cover: (operating surplus including major repairs and including asset sales + depreciation – amortisation) / (interest payable and financing costs excluding capitalised interest + pension deficit finance costs + interest receivable)

6 Void losses: void loss / (rental income + service charge income)

7 Current tenant arrears: live tenancies in arrears / annual rent roll

Contact

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Green Square Accord

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