HABITARE HOMES

HABITARE HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024




REGISTERED PROVIDER NO: 5128
REGISTERED COMPANY NO: 12029015

Habitare Homes invests social impact capital to deliver good quality, sustainable and affordable homes in communities where the need is high.

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Directors

K A Laud
G M Berring
D K Gannicott
N J Singh
E Burl
M Sayer (Appointed 2 September 2024)
M Noaro (Appointed 3 March 2025)

Registered Company Number

12029015

Registered Provider Number

5128

Registered office

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Chair's Statement

Habitare Homes Limited ("Habitare Homes" or the "Company") has navigated through another volatile year, characterised by instability in the global economic and political environment. With the UK housing crisis continuing to deepen, the Company was acutely aware of housing need increasing as the residential supply chain shrank. While cost-of-living pressures persist across all housing tenures, home ownership affordability has shown marginal improvement.

The new Government announced its welcome and ambitious goal of delivering 1.5 million new homes over the next five years. With affordable housing at the heart of its strategy, some measured funding commitments were announced in the Autumn Budget. Whilst further announcements are awaited, it seems clear that private sector investment, across all housing tenures, will remain an important contributor to the funding gap.

Habitare Homes' purpose remains to bring social impact capital, to accelerate the delivery of additional energy-efficient, affordable homes in areas with constrained affordability. Our performance highlights of 2024 include:

- A strong portfolio of schemes from the Midlands to the South Downs. The current pipeline fully commits the Company and is on track to deliver around 1,000 affordable homes by 2027;
- Two schemes impacted by contractor insolvencies in 2023 are moving successfully forward;
- Habitare Homes is financially resilient under a range of multi variant stress scenarios and can evidence a positive relationship with HSBC, our lender; and
- An independent audit by Centre for Regional Economic and Social Research "CRESR" which confirms that the Company has exceeded the Social Impact Framework targets set by our investors, notably in terms of the space and quality of home delivered; affordability; sustainability; and energy efficiency. The framework defines the strategic impact goals of the Company and outlines the impact underwriting and audit framework. This includes longer term and wider scale physical, social, economic and environmental benefits such as financial and legal security, personal and social wellbeing, improved physical and mental health, and improved access to employment. These are measured with a number of output and outcome indicators such as multi-tenure, housing quality, residential stability and housing affordability (the "Social Impact Framework").

As Habitare Homes transitions from the investment stage to focusing on development delivery and operations, we benefit from the detailed quantitative and qualitative feedback gathered, via our impact evaluation partner the CRESR, from our existing residents. While residents expressed overall enthusiasm for their high-quality homes and surrounding areas, feedback suggests that satisfaction could be further enhanced through changes to the new home handover process. In response, systems have been redesigned in collaboration with our managing partners and house-builders to improve the resident experience. The Board receives quarterly updates to ensure oversight of the planned improvements.

The Board has continued to steer through uncertainty, managing Habitare Homes' key risks, and upholding high standards of governance and operational integrity in alignment with the Regulatory Standards. To further strengthen governance and oversight, we brought in additional non-executive skills and expertise. In September 2024, Mark Sayer joined the Board and assumed the Health and Safety lead. Additionally, recruitment began later in the year for a Vice Chair and a member with customer service expertise. Marc Noaro joined the Board in this capacity in March 2025.

I would like to thank Board colleagues, and the talented team within Man Group, for their commitment and hard work during 2024, and look forward to a successful 2025.

Katrina Laud

K A Laud
Chair

Date: 23 June 2025

Board of Directors

Katrina Laud (Independent Chair)

Katrina is an accomplished senior executive and housing professional having worked for over twenty years in the social housing sector. She acts as a Director in Savills Housing Consultancy team where she advises a wide range of housing associations from the largest in England to community-based organisations. Other clients include landed estates and trusts. Katrina supports boards and executive teams in effective governance, regulatory compliance, business strategy, growth, and development partnerships. She is the joint author of publications on governance; housing association viability and vitality; and the National Housing Federation Code for Merger, Group Structure and Partnerships.

Gabrielle Berring (Independent Non-Executive Director)

Gabrielle is an experienced Real Estate Banker with a strong track record in the banking industry, with experience as a non-executive director for a number of housing-led organisations as well as Sheffield Hallam University. Skilled in Leadership, Strategy, as well as Credit Analysis and Structuring, Gabrielle's last full-time role was as Director of Loans at Homes England where she was Senior Responsible Officer for the Home Building Fund. Gabrielle's banking experience includes social and affordable housing, local authority off balance sheet structures, project finance/PFI, as well as the wider real estate sector.

Eric Burl (Executive Director)

Eric Burl is Head of Discretionary at Man Group and is a member of the Man Group Executive Committee. Eric was previously Head of GPM, Co-Head of Global Sales and Marketing, Head of Americas. Based in New York, Eric was responsible for building Man Group's US presence, overseeing business development, new product launches and the expansion of Man GPM. Prior to this, he held the role of Head of Managed Accounts at Man Group's multi-manager business which merged with Man FRM in 2012. Before joining Man Group in 2004, Eric worked at UBS in London. Eric holds a Bachelor's Degree in Management Studies from the University of Nottingham and is CAIA certified.

David Gannicott (Independent Non-Executive Director)

David was most recently Group Business Development Director at Hyde Group, a large housing association with over 50,000 homes in London, where he transformed their development programme. He has a strong track record of success across the housing sector and has worked with both the public and private sectors in furthering the delivery of new affordable homes.

Board of Directors (continued)

Natalie Singh (Independent Non-Executive Director)

Natalie is a Partner in the Banking and Finance Team at Trowers & Hamlins, a leading law firm advising the affordable housing sector. Natalie is a qualified solicitor with over 20 years' experience. She completed her training and 10 years post qualification with Gowling WLG advising large listed and unlisted companies in relation to corporate matters (including public offers, disposals, strategic reviews, merger and acquisitions and joint ventures). In 2012, Natalie moved to Anthony Collins Solicitors where she spent 11 years leading the affordable housing finance team. Natalie joined Trowers & Hamlins in 2024 and is a recognised leader in social housing finance advising on complex funding and finance related projects for registered providers and not-for-profits businesses.

Mark Sayer (Independent Non-Executive Director)

Mark is a skilled health and safety professional with pan-European experience and a diverse career background from service in the British Army and roles with the Police Service, FTSE 100 and 250 companies and not for profit organisations. Mark has expertise in defining, designing and delivering the vision and strategy for Health & Safety in diverse, fast paced, high risk environments. His drive is to add value by implementing innovative, operationally focused, solutions that secure performance improvements across the business. Mark is currently leading the Safety, Health, Environment and Quality functions at CLC Axis Group. He is also an Independent Non-Executive Director on the Audit and Risk Committee for Citizen Housing. Mark is a Chartered Fellow of the Institution of Occupational Health, and a Fellow of the International Institute of Risk and Safety Management.

Marc Noaro (Vice-chair)

Marc spent most of his executive career with Eurostar, the high-speed train service between the UK and mainland Europe. He joined the business before the start of commercial services in 1994 and held a number of senior operational roles, before becoming Eurostar's Chief Customer Officer in 2016 responsible for stations, customer experience, security and the Human Resources teams. He was appointed as an Independent Non-Executive Director at Chelmer Housing Partnership in 2017 and served on the Board and that of its subsidiary, Myriad Homes until 2024, becoming the Senior Independent Director in 2021. He joined Habitare Homes' Board as Vice-Chair in March 2025.

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2024.

Habitare Homes Limited was incorporated in June 2019. The Company is a registered provider of social housing ("Registered Provider") with its principal activities being the provision of affordable housing to people who are in housing need, either via sales under shared ownership arrangements, or rentals under affordable rent agreements. Our activity is solely in England and Wales.

Habitare Homes has in place a strong board of directors who collectively bring a wide range of relevant expertise and experience to oversee the Company's activities. The Board's role is to provide strategic direction for the Company, as well as oversight of finance, performance, and regulatory compliance, providing both challenge and support to those tasked with operational delivery. The Board has ultimate responsibility for ensuring the Company maintains a system of internal control that is appropriate for the various risks it may face given the nature of the business and operating environment.

We have established four strategic pillars; resident experience, safe and secure homes, social value creation, and business resilience, that serve as the foundation of our strategy, enabling us to achieve our objectives effectively and efficiently. In addition, our strategy is based on four key values; resident focused delivery, collaboration with stakeholders, accountability, and continuous improvement- which guides all aspects of our business and interactions with our stakeholders. We seek to generate both positive financial returns and demonstrable social returns. Our dual objectives of creating financial and social returns are complementary in creating better outcomes for all stakeholders over the long term.

To date Habitare has committed to developing 1,063 affordable homes across social rent, affordable rent and shared ownership. These homes are central to Habitare's commitment to creating social value by building additional sustainable homes in areas of poor housing affordability. The average house price to median income multiple is over 10x in the areas we invest and over 80% of the portfolio are low-cost rented homes. In addition, 95% of the homes are EPC B or above ensuring that residents will experience lower heating costs while enjoying a comfortable home. We continue to manage our homes by working with local housing associations and these associations are critical to our strategy's success, enabling excellent customer service for our residents.

As we start delivering new homes, our emphasis has expanded from solely concentrating on development risk and the provision of quality new homes to prioritising the customer by providing excellent services, ensuring homes are safe and well managed, and enhancing the lived experience within our homes. We continue to listen to our residents to improve the service we and our housing association partners provide. For example, defects in new homes and the remediation of those defects are something that residents, especially in shared ownership homes, had voiced concern over. Over the past year, we have worked with our contracting partners and our housing association partners to lower the defect rate and to better manage the defects repairs process.

The Company is part of a group of Companies whose intermediate parent is Man GPM RI Community Housing 1 LP (the "Group") which collectively operates to support and complement the strategy of the Company.

Statement of Internal Control

During 2024, Habitare Homes continued to operate within its existing risk management framework which has been designed to effectively identify, manage and mitigate risks to the Company. The Audit and Risk Committee (the "ARCOM"), established in 2022 as a delegated committee of the Board and since February 2024 chaired by a non-executive member, provided assurance to the Board that appropriate systems of internal control, assurance and risk management are in place and that legal, statutory, and regulatory requirements are properly audited where necessary.

In addition, a third-party auditor was engaged to perform an internal audit on Habitare Homes' compliance with the Consumer Standards recently introduced under the Social Housing (Regulation) Act. The report is provided annually and presented to the Board to give assurance on the contractual arrangements being effectively administered and aligned with the regulatory requirements.

Strategic Report (continued)
Statement of Internal Control (continued)

The Risk Map is presented to the ARCOM on a quarterly basis for review, including key risks and the likelihood of occurrence with material updates being reported to the Board quarterly for their review and approval. Key Risk Indicators ("KRIs") have been defined, and their status (including breaches) is reported to both the ARCOM and the Board quarterly.

A range of policies and procedures that address the risks inherent with operating in the sector are in place and contribute to a strong governance framework. In 2024, we placed particular emphasis on aligning the policy review timeline with market standards, ensuring it provided the Board with adequate assurance and confidence. Particular attention was given to updating the policies in line with the newly introduced consumer regulatory standards.

Value for Money

Habitare Homes has been established to deliver additional, high-quality affordable housing in areas of the country where affordability is stretched. Delivering on value for money ("VfM") is integral to the Company's ability to achieve its strategic objectives and there are several measures to ensure the VfM considerations are embedded in its business. These include risk management, business planning, and a strong governance framework to enable the directors to make well-informed decisions. As of 31 December 2024, the Company had 198 properties that were occupied by households. Over the course of 2024, the Company contracted on a further development, due to deliver 108 properties. In addition, the Company approved the decision to divest its properties at Chilmington, due to the inability to secure a suspension to the S106 liabilities. Combined with the developments contracted during 2020, 2021, 2022 and 2023, Habitare Homes has plans under way to deliver a total of 1,063 properties.

The Company is currently not including sector benchmarking in the VfM metrics data. As the Company is for-profit and the portfolio is primarily made up of stock under development and is not yet stabilised, it would be unrealistic to compare against sector benchmarks which are sourced from stabilised not-for-profit registered providers.

Value for Money Metrics

Metric	Description	2025 Target	2024 Actual	2024 Target
1	**Reinvestment**	24%	8%	33%
2	**New supply delivered**	57%	13%	57%
3	**Gearing**	26%	32%	16%
4	**EBITDA MRI**	81%	110%	97%
5	**Headline social housing per unit cost**	£1,783	£1,878	£1,361
6	**Operating Margin**			
	a) Social housing lettings	93%	88%	79%
	b) Overall	79%	88%	33%
7	**Return on capital employed (ROCE) %**	6%	5%	1%
8	**% of new supply which is above the local plan or extant planning s106 target**	78%	88%	79%
9	**Average level of grant subsidy per unit (if any)**	£79,768	£70,291	£59,327

Strategic Report (continued)
Value for Money (continued)

The 2024 targets included an estimate of when properties would reach practical completion. During the year ended 31 December 2024, the portfolio suffered delays across many of the projects under construction, including those impacted by insolvency back in 2023. In general, there have been major delays in the supply of materials industry-wide, as well as labour shortages. This has impacted the timing of completions within the portfolio, and thus, the ability to meet the 2024 targets above.

Metric 1

Reinvestment %
This metric looks at the fixed asset investment (development spend) in properties during the year as a percentage of the value of total properties held. During the year ended 31 December 2024, the Company continued to make progress on the development sites held. In addition, one new development site was acquired in Q4 2024. The 2024 reinvestment rate was 8%, which is below the target of 33% primarily due to the site at Chilmington changing tenure to market sale. The lower achieved reinvestment rate results from the aforementioned delays, which have impacted Habitare's developments during the year ended 31 December 2024. As of 31 December 2023, Habitare was forecasting 366 handovers during the course of 2024. In reality, Habitare took handover of 33 homes, resulting in a lower amount of development spend within the year than anticipated. Fixed asset investment is expected to reduce next year as a number of sites reach practical completion. Correspondingly, the fair value of investment property is expected to increase, hence the target metric for 2025 being notably lower than the 2024 target.

Metric 2

New supply delivered %
This metric considers the number of new housing units developed in the year as a proportion of total units owned at the end of the year. The Company completed 33 new homes during the year. Completions were impacted by delays on-site, alongside various market elements. The insolvency of two developers in 2023 (Ilke Homes and Gold Property Developments) continued to have an impact on construction programs in 2024.

However, construction on all impacted sites (Grantham, Wellingborough and Coombe Farm) is now progressing under updated build contracts with new developers, and further completions are expected in 2025. Delays in planning and the replacement of Tophat as the contractor at Old Malling Farm have also impacted the speed of new housing delivery. Across all sites, the Company is seeking a replacement contractor to be signed in 2025. The Company will continue to engage closely with developers to assess progress. These considerations have been taken into account for the 2025 targets.

Metric 3

Gearing %
This metric measures drawn debt net of cash balances, as a percentage of total fixed assets. At the end of 2024, the Company had taken out two development loans and held five investment loans against stabilised assets. Whilst the Company had a loan balance of £37.10 million, there was also a cash balance of £1.04 million which has resulted in gearing of 32%. As at year-end, the Company had taken development debt against two of its seven live developments, maintaining a conservative approach to gearing against the total fixed assets owned by the Company.

The 2025 gearing target is based on additional development loans being drawn at Wellingborough and Old Malling Farm, and several of the existing development loans switching to investment loans as the sites reach practical completion.

Strategic Report (continued)
Value for Money (continued)

Metric 4

EBITDA MRI*

This metric measures the level of surplus compared to interest payable and reflects the fact that the Company has been developing new build homes which are part-financed with debt on variable interest rates.

For the year ended 31 December 2024, the Company achieved an EBITDA MRI of 110%, significantly exceeding the target of 97%. The strong operating surplus was driven by rental income from leased properties, grant income, and sales proceeds from investment properties sold during the year, all of which were recorded in the Statement of Comprehensive Income. Although interest payable remained significant, the higher interest cover demonstrates the stabilisation of the portfolio, with the operating surplus outweighing the impact of financing costs.

The Company will continue to seek housing associations to partner with in their new developments to ensure maximum property occupation for future property completions, which will aim to further increase the operating surplus.

*Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest cover %.

Metric 5

Headline social housing cost per unit

This metric assesses the operating cost per unit, which includes costs such as service charges, insurance, lease and management fees amongst other costs. For 2024, this is £1,878 per unit and only reflects units in those schemes where a lease is in place and that are being rented. Given that the Company leases the properties to housing associations, the costs associated with management and maintenance are embedded in the lease and the responsibility of our housing association lessee. As such the costs will not be directly comparable with the sector.

Metric 6

Operating Margin %

This metric demonstrates the profitability of operating assets, with 6a representing the margin on social housing lettings and 6b accounting for the overall Company portfolio. For the year ended 31 December 2024, the Company achieved an Operating Margin of 88% for both social housing lettings (6a) and the overall portfolio (6b), significantly exceeding the targets of 79% and 33%, respectively.

Fair value movements are gains or losses reflected in the statement of comprehensive income which directly impact the net profit figure. The gains or losses arise from the external valuation reflecting the difference between the cost of the investment property and its market value as determined by the external valuation. In 2023 the market value was lower than cost which resulted in a reduction in net profit. This ultimately reduces the ratio.

This was driven by social housing lettings, which accounted for the full operating surplus. The surplus was supported by rental income from existing properties, grant income, and proceeds from sales of social housing properties, all of which were recorded in the Statement of Comprehensive Income.

Fair value movements, while typically a factor, did not materially impact the operating margin in 2024. The stabilisation of the portfolio and efficient cost management ensured that the operating surplus outweighed financing and operating costs.

The Company remains focused on maintaining and expanding its social housing portfolio, with the 2025 targets of 93% for social housing lettings and 79% for the overall portfolio reflecting expectations of continued strong performance as the portfolio matures.

Metric 7

Return on capital employed (“ROCE”)

This metric compares the operating surplus to total assets less current liabilities and measures the efficient use of capital. For the year ended 31 December 2024, the Company achieved a ROCE of 5%, up from 2% in the prior year. The improvement was driven by income from social housing lettings, government grants, and property sales proceeds, with strong cost management offsetting the impact of fair value losses. As the Company continues to grow and complete developments, stabilised income streams and reduced costs are expected to drive further ROCE improvements.

Strategic Report (continued)
Value for Money (continued)

Metric 8

% of new supply which is above the local plan or extant planning s106 target
This metric demonstrates the additionality of the Company's housing stock in addressing the affordable housing challenge. We aim to deliver 50% more affordable homes than set out in the local plan or in extant s106 agreements. In 2024, 88% of delivered stock was "additional" affordable stock, taking the total percentage of additional affordable supply delivered to 31 December 2024 to 77%.

Metric 9

Average level of grant subsidy per unit (if any)
This metric ensures that we are delivering social housing as cost effectively as possible. The average level of grant subsidy approved per unit is £69,207, up from the 2023 actual of £48,120.

This metric underscores our commitment to delivering social housing in a cost-effective manner, while adapting to changes in the Government's priorities for affordable housing and responding to evolving market conditions. The average approved grant subsidy per unit has increased, reflecting rising input costs due to build cost inflation. Furthermore, the increased grant rate includes an element which relates to a shift in tenure mix – from Affordable to Social Rent – aligning with government objectives by enhancing both the supply and quality of rented social housing, thereby ensuring we are delivering affordable homes to those who need them most.

We have experienced delays in claiming grants due to external headwinds, including contractor insolvencies, shortage / unavailability of raw materials, delays due to statutory authorities including utility providers, and a shortage of skilled labour. These challenges have necessitated adjustments in project timelines, with the 2024 grant claims including amounts that were originally anticipated for receipt in 2023.

Environmental, social and governance ("ESG") impact

Positive environmental and social outcomes are central to the Company's strategy. The Board invests in developments that have, to the extent commercially possible, the following ESG characteristics: a focus on placemaking, an improvement in the carbon footprint, mixed tenure communities and a demonstrable improvement in housing affordability. In delivering tenant and asset management services, the Board works with housing associations that are rooted in their communities and have a focus on delivering for customers and community stakeholders.

When the Board selects development schemes for investment, they set clear ESG targets that should positively affect the lived experience of the future residents. To ensure that the Board's commitment to environmental and social outcomes translates into practice, the Board underwrites projects in line with an impact underwriting framework and then audit the projects annually using an impact audit framework and impact audit report. These tools have been developed together with New Philanthropy Capital ("NPC") and Sheffield Hallam University's CRESR.

The impact underwriting framework includes an assessment of the Board's partners' intentions on impact, additionality, financial sustainability, environmental sustainability and housing quality. Further dimensions include our ability to oversee and control intended outcomes through contractual terms and governance structures.

The impact audit framework assesses how the Board performs against the Company's strategic objectives each year. The Company has its environmental and social outcomes audited independently by the CRESR team. The output and outcome indicators for the audit report are structured around three key areas: housing affordability, residential stability and housing quality (when lived in). Output indicators include a quantitative assessment that sets out what the Board accomplished versus their targets. Outcome data will primarily be captured by CRESR through short surveys and focus groups as we direct our attention to the lived tenant experience, and the resulting data is analysed for inclusion in the annual Impact Audit report.

The 2024 report, due in quarter 2 2025, relates to the fourth year in which homes have been developed by the Company and, as significantly more homes have been developed and are now occupied, the Company's activities can be assessed against a broader range of output, outcome and other metrics. CRESR has observed a strong delivery trajectory, with planned homes exceeding baseline targets for energy efficiency and sustainability, demonstrating investment beyond development norms. Qualitative insights from resident surveys and interviews show mixed satisfaction levels, with positive feedback on community-building efforts, green spaces, and home quality.

However, challenges were identified, including defects management and delays in repairs, which have tempered enthusiasm about perceived housing quality. The weighted survey results indicate a satisfaction rate of 77%, up from the unweighted 49%, but dissatisfaction remains concentrated in specific schemes, such as Lewes and Towergate, due to issues with snagging and housing manager responsiveness. Efforts are underway to address these concerns through improved handover processes and defect resolution systems.

In 2024, Habitare volunteered to be part of the Tenant Satisfaction Measures (TSM) small provider pilot program. The program is operated by the Regulator and aims to understand the experience of collecting TSMs from providers with fewer than 1,000 homes, as well as any issues they may have encountered. This will provide further insight into our homes and will provide the first report which will be publicly available on the services provided within our homes.

We are reviewing our TSM scores with our managing agents to understand where there is a delta between our scores and those received through their survey. This review will help us understand whether we need to make any changes to service delivery, or the roles being undertaken by our managing agents. We will also benchmark the 2024 scores with our 2025 survey.

The Board is aware of the pressures on residents due to the continued cost of living crisis in the UK; we strive to help alleviate the issues faced by different communities across the country due to challenges in affordability through the Company's range of affordable, energy efficient and sustainable housing.

Principal risks and uncertainties

We consider the following to be the principal risks and uncertainties that could impact Habitare Homes' activity and ability to meet its long-term objectives:

Customer complaints not adequately managed
Ensuring that complaints are adequately managed is of fundamental importance for Habitare Homes to maintain customers' trust and satisfaction. Additionally, Habitare Homes would suffer reputational risks as well as potential intervention by the Regulator. If not resolved in a timely manner, this may result in referral to the Housing Ombudsman and/or the Regulator. If disrepair claims are not resolved in a timely manner, it could lead to potentially expensive litigation costs.

Risk of contractor default
The UK housing market remains stressed with sales rates materially lower than expected and interest rates still at elevated levels relative to pre-Covid levels. These supply and demand headwinds have resulted in greater financial pressure on contractors and housebuilders. Following the default of two developers in 2023, Habitare Homes has worked to effectively mitigate the impact that the developers' default may have had on the construction delays and increase in development costs. The sites at Coombe Farm and Wellingborough are well underway and we expect those developments to complete in 2025 and 2027 respectively.

Poor delivery of housing association partners
Habitare Homes has entered into lease and management agreements with housing associations to manage and maintain the Company's homes. While the organisations we have selected have the highest level of governance rating, G1, by the Regulator, there is a risk that they underperform with respect to their housing maintenance and management obligations. This would not only potentially undermine customer safety and satisfaction, but also impact the Company's reputation, resulting in fines from the Housing Ombudsman or fines and censure by the Regulator.

To mitigate these risks, we have a close working relationship with each of our housing association partners and regularly monitor their performance through KPIs, reporting, annual audits and ad-hoc discussions. As a last resort, the Company can terminate the agreement with the housing association for poor performance. Over the course of 2024, we have worked closely together with the housing associations to improve the workflow and enhance the quality of data.

Cost of refinancing
In 2022, Habitare Homes completed a financing facility with HSBC to support the delivery of more homes, both at development and stabilisation phase. However, the elevated high-interest rate environment could pose challenges during refinancing, increasing the risk of securing unfavourable terms. The risk has been deemed of medium impact and likelihood, taking into consideration the Bank of England's signals of potential rate decreases, and the anticipated refinancing timeline set for November 2026.

Risk of suspension of grant funding programme
In 2024, the likelihood of the risk associated with central government updates to the affordable housing grant programme has been reassessed and increased to 4, elevating it to a key risk. This change reflects recent challenges with Homes England grants, which may not be delivered as expected. The team is actively monitoring government developments and engaging with relevant stakeholders to ensure appropriate controls are in place.

Please refer to note 20 for further disclosure regarding financial risks considered by the Company.

Corporate Governance

During 2021, and since its registration as a Registered Provider in April 2021, the Company adopted the NHF Code of Governance 2015. The 2015 code remained in effect in 2024 due to its continued relevance. For the financial year ended 31 December 2024, the Board reviewed the Company's self-assessment against the NHF Code of Governance 2015 and concluded that the Company was compliant with the principles of the Code of Governance where applicable.

However, it is to be noted that with the introduction of the British Property Federation (BPF) Code and the more recent 2020 NHF Code of Governance, a detailed gap analysis was conducted in 2024. The analysis concluded that while the 2020 NHF Code of Governance is more streamlined than the 2015 version, it overlooks certain governance aspects relevant to Habitare, such as the absence of a CEO. Conversely, the BPF code is specifically designed for the for-profit sector building on the NHF code while addressing unique governance challenges and commercial realities, with a focus on culture, group structures, outsourced delivery, and board composition and diversity.

Based on the gap analysis conducted, the BPF appeared to be more suitable for the Company's structure and governance and, as a result, the Board has resolved to adopt it for 2025.

Regulatory Compliance

We are fully committed to delivering homes within the regulatory standards set by the Regulator and to operating within a robust governance framework.

As a Registered Provider of Social Housing, the Company is required to comply with the Economic and Consumer Standards set out by the Regulator and to formally certify compliance with the Governance and Financial Viability Standard and the accompanying code of practice.

For the financial year ended 31 December 2024, the Company carried out a review and the Board is satisfied that Habitare Homes was in compliance with the Regulator's Economic and Consumer standards. The Company has also undertaken an annual review of compliance, and the Board is assured that the Company is compliant with the Regulator's regulatory expectations in the Governance and Financial Viability Standard and its accompanying code of practice.

Events after the reporting period

Subsequent to end of the reporting period, management have approved the transfer to In Place (CG) Limited of affordable property units under the Chilmington scheme which are currently held by other group undertakings, specifically the Company and In Place (CG)LP. Once the transfer is completed, In Place (CG) Limited will hold these units as inventories, with the aim to market them to individual buyers.

On 29 January 2025, 6 units held by In Place (Dysart) LP as development units held as inventory were transferred to the Company at a market value price of £1,480,000. The associated outstanding commitments on development agreements related to property development activities were also transferred to the Company together with the assets.

On 12 February 2025, the Company made a share capital reduction to GPM CH REIT Limited of a total of 34,331,598 shares at £1 per share.

On 24 March 2025 the Company issued a further £2,343,000 of called up share capital to GPM CH REIT Limited, the Company's immediate parent. Further share capital will be issued to GPM CH REIT Limited as and when it is required to support the investment objective of the Company.

On 31 March 2025, out of a total of 146 units held under the Wellingborough scheme by In Place (Glenvale) Limited, a total of 141 units were transferred at a cost of £14,570,215 to the Company, together with all remaining associated outstanding capital commitments.

Strategic Report (continued)
Events after the reporting period (continued)

On 7 April 2025, all of the 30 units held by In Place (Coombe) Limited under the Coombe Farm property were transferred to the Company at a cost of £12,442,625. As at the end of April 2025, all remaining HSBC loan and commitments held by In Place (Coombe) Limited with HSBC Bank PLC have been transferred to the Company.

In addition to the above, including commitments entered into subsequent to the year end, the Company's ultimate parent has total committed capital of £19,634,548 to be utilised in line with the group's investment strategy, including in support of the Company's investment objective.

Further information on the events after the reporting period can be found in note 29.

The Board, in approving the financial statements, are also approving the strategic report in their capacity as company directors.

By order of the Board

Gabrielle Berring

G M Berring
Director

Date: 23 June 2025

Directors' Report

The Directors present their annual report and audited financial statements for Habitare Homes Limited (the "Company") for the year ended 31 December 2024.

Principal activity and review of business

The Company is a registered provider of social housing with its principal activities being the provision of affordable housing to people who are in housing need, either via sales under shared ownership arrangements, or rentals under affordable rental agreements with activity solely in England and Wales.

The Company has in place a strong board of directors, with the directors collectively bringing a wide range of relevant expertise and experience to oversee the Company's activity. The Board's role is to provide strategic direction for the Company, as well as oversight of finance, and performance and regulatory compliance, providing both challenge and support to those tasked with operational delivery. The Board has ultimate responsibility for the Registered Provider.

Directors

The Directors who served during the year and up to the date of approval of this report were:

K A Laud	
G M Berring	
D K Gannicott	
N J Singh	
E Burl	
M Sayer	Appointed on 2 September 2024
M Noaro	Appointed on 3 March 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

The financial statements have been prepared in accordance with applicable law and United Kingdom ("UK") accounting standards (UK Generally Accepted Accounting Practice), "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice ("SORP") for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Companies Act 2006.

In preparing these audited financial statements, the Directors are required to and have:

- selected suitable accounting policies for the Company's financial statements and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- presented information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provided additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- in respect of the financial statements, stated whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report (continued)
Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Housing and Regeneration Act 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

The Directors confirm, to the best of their knowledge, that they have adhered to their responsibilities detailed above.

Independent auditor

Deloitte LLP has served as the Company's auditor throughout the year and have indicated their willingness to continue in office.

Matters covered in the strategic report

In accordance with section 414C(11) of the Companies Act, certain matters required to be detailed in the Directors' Report are detailed in the Strategic Report where the Directors consider them to be of strategic importance to the Company.

Qualifying third party indemnity provisions

The Company has provided an indemnity for its Directors, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Going concern

In preparing the Company's financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company to cease operations, or have no realistic alternative but to do so. At 31 December 2024 ('reporting date'), the Company has a net current asset position of £33,491,435 (2023: £17,831,625). During the year, the Company entered into an interest-free loan arrangement with the Main Fund which allows the Company to only draw down cash when required and in a manner that minimises interest income and therefore residual income for REIT balance of business test purposes. As the Company is a part of a REIT group, interest earned on cash balances puts the group at risk of failing the REIT balance of business test as it creates residual income. The intercompany loan between the Company and the Main Fund is utilised to draw cash into the Company as required to settle the obligations of the Company, but to avoid holding excess cash within the REIT group.

The Company relies on funding from the intermediate parent, MAN GPM RI Community Housing 1 LP (the "Main Fund") to finance its capital commitments. As detailed in note 23, the Company has outstanding capital commitments of £115,736,567 (2023: £111,676,805) related to its property investment activities. The Company's intermediate parent, the Main Fund, has confirmed its intention to provide support or assistance, which may include financial support, to the Company for the period of 12 months from the date of approval of the financial statements. This will provide sufficient liquidity to the Company to settle its obligations and commitments within the next 12 months after these financial statements are available to be issued.

Directors' Report (continued)
Going concern (continued)

During the year, the Company issued a further £3,050,000 of called up share capital to GPM CH REIT Limited, the Company's immediate parent. Further share capital will be issued to GPM CH REIT Limited as and when it is required to support the investment objective of the Company.

Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its obligations for a period of twelve months from the date of approval of the financial statements. Thus, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

Climate change

In preparing the financial statements, the directors have considered the impact of climate change risk. In line with FRS 102, investment properties are valued at fair value as described in the notes to the financial statements. The valuations have been prepared by Jones Lang Lasalle Limited in accordance with the latest version of RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book") as at the valuation date.

The condition of investment properties is monitored by the investment manager and independent valuer. Having assessed the impact of climate change on the entity and its assets, the directors have concluded that climate change does not currently have a significant impact on the financial statements and the Company's ability to continue as a going concern.

Small companies

In preparing this report, the Directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

By order of the Board

Gabrielle Berring

G M Berring
Director

Date: 23 June 2025

Independent Auditor's Report to the members of Habitare Homes Limited

Opinion

In our opinion the financial statements of Habitare Homes Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including (Financial Reporting Standard 102) The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- have been prepared in accordance with the requirements of the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018;
- have been prepared in accordance with the requirements of the Accounting Direction for Private Registered Providers of Social Housing 2022 and Housing and Regeneration Act 2008; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the members of Habitare Homes Limited (continued)

Other information

The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Director's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

Independent Auditor's Report to the members of Habitare Homes Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Accounting Direction for Private Registered Providers of Social Housing 2022, the Housing and Regeneration Act 2008 and the UK Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as valuations specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Valuation of investment properties is the key driver of the company's net asset value. Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. The valuation is determined using a discounted cashflow model; we have pinpointed the main judgements within the discounted cashflows, being the equivalent yields, estimated rent and profit on cost (for properties under development).
- Valuation of inventory is calculated as 40% of the lower of cost and net realisable value (NRV) of shared ownership properties which have not yet been through a first tranche sale. NRV is determined from the independent property valuations which are inherently complex and require significant judgement and estimation around the key inputs and assumptions.

Our specific procedures performed in response to these significant risks in addition to the above discussions with internal specialists include, challenging the assumptions, judgments, and methodologies of the valuations. We have identified relevant inputs to the valuation and on a sample basis substantively tested these inputs to supporting information.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditor’s Report to the members of Habitare Homes Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors’ report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors’ report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Siobhan Durcan

Siobhan Durcan, FCCA, ACA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
St Helier, Jersey

Date: 27 June 2025

Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 £	2023 £
Turnover	4	**9,693,181**	15,637,061
Cost of sales	4	**(1,879,104)**	(8,187,897)
Operating expenditure	4	**(1,011,372)**	(989,112)
Unrealised loss on investment properties	4	**(14,172,410)**	(2,999,782)
Impairment of inventories	4	**372,741**	(374,723)
Operating (loss)/income	4	**(6,996,964)**	3,085,547
Interest income	9	**303,807**	467,465
Foreign exchange gain		**222**	330
Financing costs	10	**(1,730,728)**	(682,359)
Fair value loss on interest rate cap	13	**(74,969)**	(257,409)
Operating (loss)/income before tax		**(8,498,632)**	2,613,574
Taxation	11	**(44,590)**	–
(Loss)/ income for the year and total comprehensive (loss)/ income		**(8,543,222)**	2,613,574

Results wholly relate to continuing activities.
There was no other comprehensive income in the year.
The financial statements were approved by the Board and authorised for issue on 23 June 2025.

Gabrielle Berring

G M Berring
Director

The notes on pages 28 to 50 form part of these financial statements.

Statement of Financial Position

As at 31 December 2024
Company number: 12029015

	Note	2024 £	2023 £
Non-current assets			
Investment properties	**12**	**124,950,434**	130,461,431
Derivative financial instruments	**13**	**234,449**	253,104
		125,184,883	130,714,535
Current assets			
Inventory	**14**	**38,767,931**	8,265,941
Debtors: due within one year	**15**	**1,929,620**	3,482,971
Cash at bank and in hand	**16**	**1,044,643**	14,695,875
		41,742,194	26,444,787
Current liabilities			
Creditors: amounts falling due within one year	**17**	**(8,250,759)**	(8,613,162)
Net current assets		**33,491,435**	17,831,625
Total assets less current liabilities		**158,676,318**	148,546,160
Non-current liabilities			
Creditors: amounts falling due in more than one year	**18**	**(41,166,692)**	(25,543,312)
Net assets		**117,509,626**	123,002,848
Capital and reserves			
Called up share capital	**21**	**116,771,727**	113,721,727
Revaluation reserve	**22**	**11,194,076**	10,555,509
Profit and loss account	**22**	**(10,456,177)**	(1,274,388)
Total equity		**117,509,626**	123,002,848

The financial statements were approved by the Board and authorised for issue on 23 June 2025.

Gabrielle Berring

G M Berring
Director

The notes on pages 28 to 50 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital £	Profit and loss account £	Revaluation reserve £	Total reserves £
Balance as at 1 January 2023	74,671,727	2,895,032	3,772,515	81,339,274
Surplus for the year	–	2,613,574	–	2,613,574
Transfer to revaluation reserve (note 12)	–	(6,782,994)	6,782,994	–
Issue of share capital	39,050,000	–	–	39,050,000
Balance as at 31 December 2023	**113,721,727**	**(1,274,388)**	**10,555,509**	**123,002,848**
Deficit for the year	**–**	**(8,543,222)**	**–**	**(8,543,222)**
Transfer to revaluation reserve (note 12)	**–**	**(638,567)**	**638,567**	**–**
Issue of share capital	**3,050,000**	**–**	**–**	**3,050,000**
Balance as at 31 December 2024	**116,771,727**	**(10,456,177)**	**11,194,076**	**117,509,626**

The notes on pages 28 to 50 form part of these financial statements.

Image depicting homes within the Campbell Wharf development.

Statement of Cash Flows

As at 31 December 2024
Company number: 12029015

	Note	2024 £	2023 £
Cash flows from operating activities			
(Loss)/income for the financial year		**(8,543,222)**	2,613,574
Adjustment for:			
(Increase)/decrease in inventories		**(30,129,249)**	5,707,532
Impairment of inventories		**(372,741)**	374,723
Decrease in debtors		**1,553,573**	1,969,996
Decrease in other creditors		**(2,850,653)**	(883,519)
Revaluation of Investment properties		**14,172,410**	2,999,782
Decrease in Interest rate cap		**18,655**	257,409
Interest income		**(303,807)**	(467,465)
Foreign exchange income		**(222)**	(330)
Interest charge		**1,639,767**	481,688
Interest capitalised		**1,016,414**	928,796
Amortisation of loan costs		**160,470**	–
Other finance costs charged		**(69,510)**	200,671
Net cash generated in operating activities		**(23,708,115)**	14,182,857
Cash flows from investing activities			
Purchase costs of investment properties		**(9,677,827)**	(74,953,979)
Government grants received		**2,488,250**	808,159
Interest income		**303,807**	467,465
Net cash used in investing activities		**(6,885,770)**	(73,678,355)
Cash flows from financing activities			
Issue of share capital		**3,050,000**	39,050,000
Drawdown of loan		**15,444,634**	23,958,413
Loan costs paid		**(128,796)**	(25,215)
Interest paid		**(1,423,185)**	(65,233)
Net cash generated from financing activities		**16,942,653**	62,917,965
Net (decrease)/increase in cash and cash equivalents		**(13,651,232)**	3,422,467
Cash and cash equivalents at beginning of year	16	**14,695,875**	11,273,408
Cash and cash equivalents at end of year	16	**1,044,643**	14,695,875

The notes on pages 28 to 50 form part of these financial statements.

Notes to the Financial Statements

1 Legal status

Habitare Homes Limited (the “Company”) is a private Company limited by shares incorporated in England and Wales under the Companies Act 2006. The registered office is given on page 3 of these financial statements and the principal activities are given in the Directors’ Report. In April 2021, the Company registered as a for profit registered social housing provider with the Regulator.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with applicable law and United Kingdom (“UK”) accounting standards (UK Generally Accepted Accounting Practice), “The Financial Reporting Standard applicable in the UK and the Republic of Ireland” (“FRS 102”), the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022 and in accordance with the Companies Act 2006.

The Company has also taken advantage of the small companies exemptions in section 415A of the Companies Act 2006 in respect of their Directors’ Report only.

The accounts are prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Board to exercise judgement in applying the Company’s accounting policies (see note 3).

The functional and presentational currency of the financial statements is Great Britain Pound Sterling (“£”) and all amounts are rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 Going concern

In preparing the Company’s financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company to cease operations, or have no realistic alternative but to do so. At 31 December 2024 ('reporting date'), the Company has a net current asset position of £33,491,435 (2023: £17,831,625). During the year, the Company entered into an interest-free loan arrangement with the Main Fund which allows the Company to only draw down cash when required and in a manner that minimises interest income and therefore residual income for REIT balance of business test purposes. As the Company is a part of a REIT group, interest earned on cash balances puts the group at risk of failing the REIT balance of business test as it creates residual income. The intercompany loan between the Company and the Main Fund is utilised to draw cash into the Company as required to settle the obligations of the Company, but to avoid holding excess cash within the REIT group.

The Company relies on funding from the intermediate parent, MAN GPM RI Community Housing 1 LP (the “Main Fund”) to finance its capital commitments. As detailed in note 23, the Company has outstanding capital commitments of £115,736,567 (2023: £111,676,805) related to its property investment activities. The Company’s intermediate parent, the Main Fund, has confirmed its intention to provide support or assistance, which may include financial support, to the Company for the period of 12 months from the date of approval of the financial statements. This will provide sufficient liquidity to the Company to settle its obligations and commitments within the next 12 months after these financial statements are available to be issued.

During the year, the Company issued a further £3,050,000 of called up share capital to GPM CH REIT Limited, the Company’s immediate parent. Further share capital will be issued to GPM CH REIT Limited as and when it is required to support the investment objective of the Company.

Notes to the Financial Statements (continued)
2 Accounting policies (continued)
2.2 Going concern (continued)

Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its obligations for a period of twelve months from the date of approval of the financial statements. Thus, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Turnover

Turnover comprises rental income receivable in the year in relation to shared ownership properties and affordable rental units, service charge income, income from shared ownership first tranche sales, staircasing sales of investment properties, support services and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants released to income in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Service charge income is recognised when service charge expenditure is incurred as this is the point at which the services have been performed.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Charges for support services are recognised as they fall due.

Interest income is recognised in the year in which the interest is accrued.

2.4 Government grants

Grants received in relation to construction of the investment properties under development are accounted for using the performance model set out in FRS 102 and the Housing SORP 2018. Income is initially recognised as deferred income within creditors until the performance obligations have been met. This being the point when the construction of the properties is complete. Once the obligations have been met the grant is recognised in full within income.


Image depicting homes within the Coombe Farm development.

In some circumstances, typically when a Shared Owner staircases or the units are sold to a Company that is not a registered provider, an obligation to repay the grant to the relevant body can arise. This is treated as a contingent liability until the conditions for repayment have been met. At this point the amount repayable is recognised as a liability on the Statement of Financial Position and deducted from the measurement of any gain on the staircase transaction. As at the year end date, no liabilities were recognised in the Statement of Financial Position in relation to these repayments. However a contingent liability has been recognised in respect of the possible future obligation to repay the grant (see note 24).

2.5 Financing costs

The cost of specific borrowings are capitalised against the loan and amortised over the life of the loan.

Interest expense is recognised in the year in which it falls due.

2.6 Investment properties

Investment properties will initially be recognised at cost (which comprises the cost of land, of construction, of due diligence, and interest costs capitalised) and then at fair value at subsequent reporting periods.

Notes to the Financial Statements (continued)
2 Accounting policies (continued)
2.6 Investment properties (continued)

Management is adopting quarterly reporting (and therefore valuation) periods in line with their management reporting. Investment property will be held at fair value as management consider that they can determine fair value of Investment Property reliably on a continuing basis, including Investment Property under construction.

Changes in the fair value are recognised in the Statement of Comprehensive Income in the year in which they arise.

Interest payable on borrowing which has been drawn in order to finance the relevant construction or acquisition is capitalised. Where properties are in the course of construction, finance costs are only capitalised where construction is ongoing and has not been interrupted or terminated.

The Company has appointed Jones Lang LaSalle Limited to act as an external valuer to provide an independent professional opinion of the value of the subject properties as at the valuation date. The valuation has been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). The valuation of the properties is on the basis that the gross development value is subject to the restrictions of title and is in accordance with FRS102. The gross development value assumes the units are built as at the valuation date, however a risk margin is deducted for properties under development based on the percentage of remaining costs.

Once completed, assets are held at fair value which is based on the Existing Use Value for Social Housing (EUV-SH). The Independent Pricing Committee was provided with the Jones Lang LaSalle Limited valuation report and determined the fair value to apply to the properties in the Net Asset Value of the Company.

Expenditure on shared ownership properties is split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and relates to sales proceeds included in turnover, and the remaining element is classed as a fixed asset and included in investment properties at fair value.

Contractual obligations for repairs of investment properties:

Affordable Rent
The Company holds a head-lease arrangement with various Housing Associations. Under all head-leases the Housing Associations are obligated to maintain the premises in a lettable standard, incorporating all repairs and maintenance. Habitare Homes Limited releases liability for all repairs and maintenance at the time of handover.

Shared Ownership
The Company has in place management agreements with Housing Associations to manage the Shared Ownership properties. The homes are sold in accordance with the Capital Funding Guide using the model lease. This passes the repairing responsibility on to the shared owner at the point of sale. Depending on the grant funding used, Habitare may be required to meet the first £500 of repair costs in any year for the first 10 years. This is monitored and administered within the Management Agreement.

2.7 Inventory

Assets held for sale in the ordinary course of business do not meet the Investment Property definition in FRS102 or IAS 40. They are stock and will be accounted for as inventory. Inventory will be recognised and measured in accordance with the Housing SORP 2018 and FRS102.

Shared ownership costs relating to the estimated first tranche sale proportion will therefore be held as inventory until the unit is sold. Costs comprise materials, direct labour and direct development overheads. Costs will be allocated between the estimated first tranche sale proportion and the element to be retained as investment property. The allocation will take into account market conditions, scheme appraisals, and valuation assumptions to arrive at the likely percentage to be sold and retained.

In accordance with the Housing SORP 2018, section 8.42, assets held as inventory will be held at the lower of costs and Net Realisable Value (NRV) and impaired annually as required.

Image depicting homes within the Grantham development.

On the sale of the first tranche of the shared ownership unit, the Company will recognise turnover, cost of sales and a gain/loss on disposal.

2.8 Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model.

Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed and the impact of discounting is material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are not basic financial instruments. Derivatives are initially recognised at fair on the date the derivative contract is entered and are subsequently remeasured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income.

2.9 Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at the undiscounted value of amounts expected to be received. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

2.10 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2.11 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

2.12 Current and deferred taxation

The Group of which the Company is a part elected to be taxed as a REIT with effect from 1 December 2022, with the Company's immediate parent GPM CH REIT Limited being the principal company of the REIT Group. The Company will not be subject to standard UK corporation tax on profits (income and capital gains) derived from its qualifying property rental businesses in the UK and elsewhere (the "Tax-Exempt Business"). As a result, no deferred tax provision has been recognised at the balance sheet date in respect of property assets or carried forward losses on the basis there will be no future profit against which the balances will unwind. UK corporation tax remains payable in the normal way in respect of income and gains from the Company's business (generally including any property trading business) not included in the Tax-Exempt Business (the "Residual Business").

2.13 Reserves

The Company only holds unrestricted funds.

The Company holds a revaluation reserve representing the cumulative gain on revaluation on investment properties, which is not distributable. Losses on revaluation are recognised in the profit and loss reserve unless they reverse a gain previously recognised in the Revaluation reserve within the Statement of Financial Position.

2.14 Value Added Tax

The Company charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

3 Judgements in applying accounting policies and key sources of estimation and uncertainty

3.1 Judgements in applying accounting policies

In preparing these financial statements, key judgements have been made in respect of the following:

- **Allocation of costs for shared ownership**
  Under shared ownership arrangements, the Company disposes of a long lease on shared ownership housing units for a share of the property ranging between 10% and 75% of value. The Buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed after the first tranche sales portion. Sales of subsequent tranches after the first tranche, are treated as a part disposal of investment property and included in operating surplus.

  The first tranche sales portion has been estimated to be 40% of the cost of the shared ownership housing units. This is a judgement made by the Directors and is based upon the expectation set through experience of committed sales to date and in consideration of industry research. When shared ownership properties are sold, the cost of the shared ownership is allocated in line with the proportion of the property sold. This is deemed a fair method of cost allocation.

  Any difference between the estimated first tranche sale percentage and the actual amount purchased by the homeowner upon exchange of the shared ownership housing unit will be a transfer between investment property and inventory with the movement being reflected through the Statement of Comprehensive Income.

  Government grants received from Homes England are repayable once the scheme leaves social housing, and a liability is recognised once the conditions for repayment have been met. The Company therefore tracks the sales, and at year end, judges that no such liability exists.

- **Classification as investment properties versus property, plant and equipment**
  Classification of social housing properties depends on the intended use of the property and to what extent it can be attributable to providing a social benefit to the wider community versus other motives, most notably profit.
  - Habitare Homes is a for-profit registered provider;
  - Its ultimate parent is GPM RI Community Housing Fund 1 LP;
  - It holds property to earn profitable rentals and capital appreciation, in order to provide a return on investment, including where rent is set at a level below market value;

Notes to the Financial Statements (continued)
3 Judgements in applying accounting policies and key sources of estimation and uncertainty (continued)
3.1 Judgements in applying accounting policies (continued)
Classification as investment properties versus property, plant and equipment (continued)

- It does not hold social housing assets purely for social benefit;
- Therefore, in accordance with Section 16 FRS102, properties are classified as Investment Property and will be accounted for at fair value.

Accordingly, the following properties are classified as Investment Property:

- Rental completed units
- Rental units under construction
- Rental units held for affordable rent
- Retained equity of completed shared ownership units
- Estimated retained equity of shared ownership under construction;

Property that will be disposed of in the ordinary course of business, including costs related to first tranche sales of shared ownership properties, are classified as inventory, in accordance with Chapter 8 of the SORP 2018.

- **Distinction between investment property and inventory**
  Classification of social housing properties depends on the intended use of the property and to what extent it can be attributable to providing a social benefit to the wider community versus other motives, most notably profit. It holds property to earn profitable rentals and capital appreciation, in order to provide a return on investment including where rent is set at a level below market value; Therefore, in accordance with Section 16 FRS102, properties are classified as Investment Property and will be accounted for at fair value.

  Property that will be disposed of in the ordinary course of business, including costs related to first tranche sales of shared ownership properties, are classified as inventory, in accordance with Chapter 8 of the SORP 2018. The Company considers the intention at the outset when each property is acquired in order to classify the property as either an investment property or an inventory. Where the intention is either to trade the property or where the property is held for immediate sale upon receiving vacant possession within the ordinary course of business, the property is classified as inventory.

  Where the intention is to hold the property for its long-term rental yield and/or capital appreciation, the property is classified as an investment property. The classification of the Company's properties is a significant judgement which directly impacts the statutory net asset position, as inventories are held at the lower of cost and net realisable value, whilst investment properties are held at fair value, with gains or losses taken through the Statement of Comprehensive Income. The Company continually reviews properties for changes in use that could subsequently change the classification of properties. A change in use occurs if property meets, or ceases to meet, the definition of investment property which is more than a change in management's intentions. The fact patterns associated with changes in the way in which properties are utilised are considered on a case by case basis and to the extent that a change in use is established, property reclassifications are reflected appropriately.

- **Impairment of inventories**
  Determining whether there are indicators of impairment of the Company's inventory requires judgement. Potential indicators of impairment are considered and reviews carried out as required. As at 31 December 2024 an independent valuer assessed the fair value of the investment property, which for the portion of the properties held as inventory is taken to be net realisable value. A review of current year inventory has determined that investments should be impaired to the lower of cost and net realisable value, resulting in an impairment loss of £1,982 (2023: £374,723).

3.2 Key sources of estimation and uncertainty

Areas of estimation uncertainty:

- **Valuation of investment properties**
  As at 31 December 2024 an independent valuer, Jones Lang LaSalle, assessed the fair value of the investment property. Fair value measurements were applied to investment properties in the year. See note 12 for details of the estimates and their methodology.

Notes to the Financial Statements (continued)
3 Judgements in applying accounting policies and key sources of estimation and uncertainty (continued)
3.2 Key sources of estimation and uncertainty (continued)

Sensitivity analysis

Changes to key assumptions could impact both the income and financial position of the Company. The impact of changes to key assumptions is considered for the valuation of property assets and the net realisable value of investment properties using a range of reasonable changes and have been applied to asset categories where sensitivities could have the largest impact. The Company measures its market risk exposure internally by running various sensitivity analyses (see note 12).


Image depicting completed homes in the Chilmington development.

Notes to the Financial Statements (continued)

4 Particulars of turnover, operating costs, cost of sales and operating surplus/(deficit)

	Turnover 2024 £	Cost of sales 2024 £	Operating expenditure 2024 £	Loss on revaluation 2024 £	Impairment of inventories 2024 £	Operating surplus 2024 £
Social housing lettings (4a)	**7,376,231**	**–**	**(536,959)**	**–**	**–**	**6,839,273**
Other social housing activities						
First tranche shared ownership sales	**2,316,950**	**(1,879,104)**	**–**	**–**	**–**	**437,846**
Other operating costs	**–**	**–**	**(474,414)**	**–**	**–**	**(474,414)**
Reversal of impairment loss of inventories	**–**	**–**	**–**	**–**	**372,741**	**372,741**
Revaluation of housing properties	**–**	**–**	**–**	**(14,172,410)**	**–**	**(14,172,410)**
Total of other social housing activities	**2,316,950**	**(1,879,104)**	**(474,414)**	**(14,172,410)**	**372,741**	**(13,836,236)**
Total	**9,693,181**	**(1,879,104)**	**(1,011,372)**	**(14,172,410)**	**372,741**	**(6,996,964)**

	Turnover 2023 £	Cost of sales 2023 £	Operating expenditure 2023 £	Loss on revaluation 2023 £	Impairment of inventories 2023 £	Operating surplus 2023 £
Social housing lettings (4a)	5,201,636	–	(309,983)	–	–	4,891,653
Other social housing activities						
First tranche shared ownership sales	10,435,425	(8,187,897)	–	–	–	2,247,528
Other operating costs	–	–	(679,129)	–	–	(679,129)
Impairment of inventories	–	–		–	(374,723)	(374,723)
Revaluation of housing properties	–	–	–	(2,999,782)	–	(2,999,782)
Total of other social housing activities	10,435,425	(8,187,897)	(679,129)	(2,999,782)	(374,723)	(1,806,106)
Total	15,637,061	(8,187,897)	(989,112)	(2,999,782)	(374,723)	3,085,547

Notes to the Financial Statements (continued)
4 Particulars of turnover, operating costs, cost of sales and operating surplus/(deficit) (continued)

4a Particulars of social housing lettings

	2024 £	2023 £
Income		
Rent Income	**1,923,221**	1,339,136
Government grants released to income	**5,453,011**	3,862,500
Turnover from social housing lettings		
	7,376,231	5,201,636
Operating expenditure		
Management	**294,805**	155,457
Routine maintenance	**–**	116
Legal costs	**42,987**	62,101
Other costs	**199,167**	92,309
Operating expenditure on social housing lettings	**536,959**	309,983
Operating profit from social housing lettings	**6,839,273**	4,891,653
Void losses	**–**	–

Rental income consists of rental revenue and service charge income, net of service charge expenses. All social housing lettings relate to general needs housing.

Notes to the Financial Statements (continued)

5 Accommodation in management and development

	Shared ownership under management 2024	Affordable rent under management 2024	Total units under management 2024	Assets under construction 2024	Total accomodation 2024
At 1 January	136	90	**226**	680	**906**
Additions	–	–	**–**	–	–
Disposals	–	–	**–**	–	–
Completed	4	14	**18**	(18)	–
At 31 December	140	104	**244**	662	**906**

	Shared ownership under management 2023	Affordable rent under management 2023	Total units under management 2023	Assets under construction 2023	Total accomodation 2023
At 1 January	46	79	**125**	459	**584**
Additions	–	–	**–**	322	**322**
Disposals	–	–	**–**	–	**–**
Completed	90	11	**101**	(101)	**–**
At 31 December	136	90	**226**	680	**906**

1 property (2023 – 39) was impaired in the year.

6 Auditor’s remuneration

	2024 £	2024 £
Auditor's remuneration (excluding VAT) – fees payable to the auditor for the audit of the financial statements	**40,456**	75,000

Notes to the Financial Statements (continued)

7 Employees

As at the reporting date, the Company had no full-time property management or corporate employees.

The Company has entered into service level agreements with external third party providers, to provide property management and corporate functions to the Company. The Company is charged an annual fee per unit for these services. This arrangement is expected to be in place until such time as the homes under management within the Company constitute a sufficient number to make employing their own in-house property management and corporate functions financially efficient.

8 Directors' and Board remuneration

The Directors received remuneration and benefits from the Company of £46,500 (2023: £39,000). By year end all Directors fees had been paid (2023: £31,000 remained payable). Key management personnel are considered to be the Directors.

The highest paid director received fees of £15,000 (2023: £15,000) and no other remuneration or pension benefits.

The agreed annual remuneration of each of the Directors is indicated below:

	2024 £	2023 £
K A Laud	**15,000**	15,000
G M Berring	**12,000**	8,000
D K Gannicott	**9,000**	8,000
N J Singh	**9,000**	8,000
M Sayer	**9,000**	–
M Noaro*	**–**	–
E Burl	**–**	–
	54,000	39,000

The Company does not operate a pension scheme.

The Board of Directors is represented by the executive and non-executive directors. The Board were reimbursed for expenses of £1,073 (2023: £925).

*M Noaro was appointed on 3 March 2025.

Notes to the Financial Statements (continued)

9 Interest income

	2024 £	2023 £
Interest income on cash at bank and in hand	**178,359**	392,934
Interest on derivative financial instrument	**125,448**	74,531
	303,807	467,465

10 Financing costs

	2024 £	2023 £
Loan interest payable	**1,639,767**	481,688
Loan arrangement fees and associated costs	**90,961**	200,671
	1,730,728	682,359


Image depicting completed homes in the Chilmington development.

Notes to the Financial Statements (continued)

11 Taxation

During the year ended 31 December 2022, the immediate parent company GPM CH REIT limited registered under the Real Estate Investment Trust (REIT) regime. Therefore, no future taxable profits will arise for the Company against which any previously carried forward tax losses in respect of pre-trading expenses can unwind. All deferred tax assets have been unwound and there will be no further deferred tax assets recognised in the future.

Upon the immediate parent company's REIT registration, the Company's income and gains arising from its property rental and shared ownership property business are exempt from UK tax. Corporation tax will be payable on future profits and gains from any other activities.

	2024 £	2023 £
Current income tax		
Current tax on (losses)/profits for the year	**44,590**	–
Total current tax	**–**	–
Deferred tax		
Charge for the year	**–**	–
Total deferred tax	**–**	–
Current income tax expense	**44,590**	–

Factors affecting tax charge for the year

For the year ended 31 December 2024, the UK Corporation tax rate was at 25% (2023: 25%) and effective tax rate remained at 25% (2023: 23.52%). The tax assessed for the year is same as (2023: lower than) the effective/standard rate of corporation tax in the UK of 25%.

Notes to the Financial Statements (continued)

12 Investment properties

	Properties under construction 2024 £	Completed properties held for affordable rent 2024 £	Completed properties held for shared ownership 2024 £	Total 2024 £	Total 2023 £
Valuation					
At 1 January	**89,671,137**	**21,888,979**	**18,901,315**	**130,461,431**	60,951,819
Additions at cost	**6,951,515**	**–**	**–**	**6,951,515**	38,699,675
Works to existing properties	**32,682,711**	**–**	**–**	**32,682,711**	41,521,587
Interest capitalised	**1,016,414**	**–**	**–**	**1,016,414**	928,796
Schemes completed	**(7,811,932)**	**833,981**	**6,977,951**	**–**	–
Gain/(loss) on revaluation of investment properties	**(6,303,122)**	**(2,777,111)**	**(5,092,177)**	**(14,172,410)**	(2,999,782)
Transfer to inventory	**(31,095,599)**	–	**(893,628)**	**(31,989,227)**	(8,640,664)
At 31 December	**85,111,124**	**19,945,849**	**19,893,461**	**124,950,434**	130,461,431

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs. Additions during the year relate to costs paid towards units that achieved golden brick stage.

As at 31 December 2024, the Company's social housing properties have been valued by Jones Lang LaSalle Limited, professional external valuers.

In valuing housing properties, discounted cash flow methodology was adopted with the following key assumptions:
Discount rate: 7.38% to 7.70%
Level of long-term annual rent increase: 0.50% to 1.00%

The impact of changes to key assumptions is considered for the valuation of property assets and the net realisable value of investment properties using a range of reasonable changes and have been applied to asset categories where sensitivities could have the largest impact. As at 31 December 2024, an upward change in the discount rate by 0.5% would result in a downward change in property valuation by £6,731,775. A downward change in the discount rate by 0.5% would result in a upward change in property valuation by £7,432,294.

An increase of 0.5% in rental growth rate would increase the valuation of properties by £8,242,378 and a downward change of 0.5% would decrease the valuations by £7,219,868. This sensitivity analysis is based on the Directors' reasonable estimate of possible shift in the discount rate and with all other variables remaining constant. Actual results may be different and the difference could be material.

If the investment properties were held at historic cost, their net book value would be £166,245,708 (2023: and the depreciation charge in the year would be £1,082,978 (2023: £532,228).

Notes to the Financial Statements (continued)
12 Investment properties (continued)

The revaluation in the current year comprises:

	2024 £	2023 £
Revaluation gains (see below)	**2,945,457**	7,641,400
Revaluation losses (profit and loss reserves)	**(17,117,867)**	(10,641,182)
	(14,172,410)	(2,999,782)

The accumulated downward revaluation at 31 December 2024 was £25,608,107 (2023: £11,063,133)

The transfer to the revaluation reserve comprises

	2024 £	2023 £
Revaluation gains transferred to the revaluation reserve	**2,945,457**	7,641,400
Less: reversal gain that reverses prior year impairment	**(2,306,890)**	(207,321)
Reversal of prior year upward revaluation	**–**	(651,085)
	638,567	6,782,994

Interest of £1,016,414 (2023: £928,796) was capitalised in the period. Interest on the development loans was fully capitalised.

13 Derivative financial instruments

	2024 £	2023 £
Interest rate cap	**234,449**	253,104

Derivative financial instruments are measured at fair value through profit or loss and comprise of an interest rate cap arrangement to hedge a portion of external debt in order to mitigate the Company's exposure to rising interest rates. £14,685,988 (2023: £9,719,488) of external debt was hedged via a floating SONIA interest rate cap in which the Company has a capped the interest rate at 4% per annum, payable on a quarterly basis until the termination date. The effective date of the cap was 8 December 2022 with a termination date of 11 November 2027. During the year, the Company has entered into a second interest rate cap arrangement with effective date of 31 July 2024 and termination date of 11 November 2027. As at 31 December 2024, the fair value of the interest rate caps was £234,449 (2023: £253,104) and the fair value loss recognised in the Statement of Comprehensive Income during the year was £74,969 (2023: £257,409). Income recognised in the year was £125,448 (2023: £74,531).

Notes to the Financial Statements (continued)

14 Inventory

	2024 £	2023 £
Shared ownership properties:		
Completed properties	**571,143**	1,353,380
Proportion of shared ownership properties allocated as first tranche sales (work in progress)	**4,175,854**	6,912,561
Properties under development for market sales	**34,020,934**	
	38,767,931	8,265,941

Inventory is stated at the lower of cost and net realisable value, which is taken to be EUV-SH, including notional directly attributable acquisition costs. As at 31 December 2024, the Company's housing properties, from which a portion have been classified as inventory, have been valued by Jones Lang LaSalle Limited, professional external valuers.

In valuing housing properties, discounted cash flow methodology was adopted with the key assumptions disclosed in note 12.

A review of current year inventory has determined that investments should be impaired to the lower of cost and net realisable value, resulting in an impairment loss of £1,982 (2023: £374,723).

15 Debtors

	2024 £	2023 £
Amounts owed by group undertakings	**503,468**	–
Rental debtors	**324,253**	410,034
Other debtors	**453,601**	728,409
Corporate tax recoverable	**–**	28
Grant receivable	**648,298**	2,344,500
	1,929,620	3,482,971

The deposit relates to monies paid as a deposit for work that has not yet taken place.

Notes to the Financial Statements (continued)

At the year end there were no material rent arrears. No expense (2023: £Nil) was recognised in the Statement of Comprehensive Income in relation to bad or doubtful rental debtors.

16 Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	**1,044,643**	14,695,875

17 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	**27,538**	1,613
Amounts owed to group undertakings (see note 27)	**1,795,938**	1,522,414
Accruals	**2,626,832**	299,635
Other creditors	**–**	21,500
Deferred capital grant (see note 19)	**3,800,452**	6,768,000
	8,250,759	8,613,162

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

18 Creditors: amounts falling due in more than one year

	2024 £	2023 £
Loan due in 2-5 years	**41,166,692**	25,543,312

The loan is secured on the investment properties at Brooks Road – Lewes, Alconbury, Towergate, Tattenhoe, Coombe Farm, Campbell Wharf and Aldershot, and attracts interest at 2.9% above SONIA, which is subject to an interest rate cap of 4% (see note 13). It is due for repayment in 2027. At the year end, the loan is held net of fees of £373,630 (2023: £519,850) and the amortisation charged to the Statement of Comprehensive Income in the year in respect of these fees was £160,470 (2023: £182,066). The Company is not in breach of its loan covenants at the reporting date.

Notes to the Financial Statements (continued)

19 Deferred capital grant

	2024 £	2023 £
At 1 January	**6,768,000**	7,477,841
Grant received in the year	**2,488,250**	3,152,659
Released to income in the year	**5,455,798**	(3,862,500)
At 31 December	**3,800,452**	6,768,000

Grants will be utilised against capital expenditure and recognised as income in the Statement of Comprehensive Income in full on completion of the properties.

The deferred capital grant is repayable to Homes England and the Combined Authority for Cambridgeshire and Peterborough when the final sale is completed or the units are sold to a company that is not a registered provider. A contingent liability has been disclosed in respect of capital grant recognised as income (see note 24).

Total accumulated government grant received to date, including grant receivable at the year end is £17,068,250 (2023: £14,580,500) of which a total of £13,267,798 (2023: £7,812,500) has been recognised in the Statement of Comprehensive Income since the Company has been in operation.

20 Financial instruments

	2024 £	2023 £
Financial assets held at fair value through profit and loss	**234,449**	253,104
Financial assets measured at amortised cost	**40,785,125**	25,716,350
Financial liabilities measured at amortised cost	**45,616,999**	27,388,474

Financial assets held at fair value through profit and loss comprises the interest rate cap (see note 13).

Financial assets measured at amortised cost include cash at bank and in hand, trade receivables, and government grants receivable. Related income is shown in note 9.

Financial liabilities measured at amortised cost include loans, trade creditors, accruals, other creditors, and amounts owed to group undertakings. Related expenses are shown in note 10.

The Company considers the below to be the main financial risks:

Market risk
The Company's financial assets and liabilities do not create any material exposure to price, foreign exchange or counterparty risk.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's operations are financed through a mixture of investment injections, external debt, generated cashflows and government grants for development activities.

It is considered that the Company, via the Group and external debt funding, has sufficient financial resources to meet its financial obligations, and therefore the risk is considered to be low.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations and arises principally from the Company's tenant (in respect of trade receivables arising under operating leases).

The Company has entered into lease and management agreements with housing associations to manage and maintain the Company's homes including letting and collection of underlying rent from shared owners. The organisations selected to partner with the Company have the highest level of governance rating, G1, by the Regulator.

Future consideration in relation to affordable housing following the introduction of Welfare Reform and Universal Credit changes, specifically the government's decision to transfer benefit payment directly to some tenants will be considered by the Board upon the transfer of the affordable housing to the Company.

Detailed scenario planning will be used to estimate the impact of any government policy changes on future tenancies. The business plan takes account of these changes in setting future levels of tenant indebtedness.

The risk is mitigated with the mechanisms established to support and sustain tenancies and focus on affordability as part of the tenancy allocation processes.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of the external debt repayments and related interest expense will fluctuate because of volatility in market interest rates.

The Company has entered into an interest rate cap arrangement to hedge its interest rate exposure. The interest rate fluctuations continue to be monitored and the resultant impact of the interest rate caps will also be reviewed continuously.

Notes to the Financial Statements (continued)

21 Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
116,771,727 (2023 – 113,721,727) Ordinary shares of £1 each	**116,771,727**	113,721,727

The Company has one class of ordinary shares which entitle holders to voting rights and carry no rights to fixed income.

During the year the Company made the following share issues of ordinary shares to its immediate parent company, all at par:

30 July 2024	250,000
16 September 2024	2,800,000

22 Reserves

	2024 £	2023 £
Opening balance at 1 January	**9,281,121**	6,667,547
(Loss)/profit for the year	**(8,543,222)**	2,613,574
Closing balance at 31 December	**737,899**	9,281,121

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The Company holds a revaluation reserve representing the cumulative gain on revaluation on investment properties, which is not distributable. Losses on revaluation are recognised in the profit and loss reserve unless they reverse a gain previously recognised in the revaluation reserve.

Notes to the Financial Statements (continued)

23 Capital expenditure commitments

	2024 £	2023 £
Capital expenditure:		
Expenditure contracted for but not provided for in the accounts	**115,736,567**	111,676,805
Expenditure authorised by the Board, but not contracted	**–**	–
Closing balance at 31 December	**115,736,567**	111,676,805

The Company's total outstanding commitments are financed through a mixture of investment injections, external debt, generated cash flows and government grants for development activities.

24 Contingent liabilities

The Company has received grants totalling £17,068,250 (2023: £14,580,500). £13,267,798 (2023: £7,812,500) of these grants have been released to the Statement of Comprehensive Income following the practical completion of units in accordance with the Housing SORP. The Company has a contingent liability of £17,068,250 (2023: £5,710,000) for grant amounts recognised in the Statement of Comprehensive Income as these may be repayable to the grant providers should there be a change of use of relevant in housing units. The same repayment requirements also impact the deferred grant amounts currently included in the Statement of Financial Position of £3,800,452 (2023: £6,768,000) for assets that have not yet met practical completion.

In December 2024, the Company entered into a binding agreement with Persimmon Homes Limited to acquire the completed development sites at Wantage Grove for a purchase price of £33,823,660. As of 31 December 2024, the site had not yet achieved practical completion and therefore the Company does not exercise control. Consequently, the obligation to remit the purchase price has not been triggered and the Wantage Grove sites are not recognised as assets in these financial statements.

There were no other contingent liabilities or commitments other than those already disclosed in these financial statements as at 31 December 2024 and 31 December 2023.

Notes to the Financial Statements (continued)

25 Minimum future lease payments

The future minimum lease payments under non-cancellable operating leases for rental income are as follows:

	2024 £	2023 £
Due within 1 year	**2,167,364**	1,854,652
Due in 2-5 years	**8,669,455**	7,418,607
	10,836,818	9,273,259

The rental income on leases above relates to 5 year leases under the affordable rent model.

The Company also has rent receivable under 125 – year leases under the shared ownership model, however, since the tenant could choose to increase their ownership %, there is no minimum future rent payment.

The Company has not recognised any (2023: £Nil) contingent rent as income in the year.

26 Statement of net debt

	At 1 January 2024 £	Cash movement £	Amortisation of loan issue costs £	Other £	Interest accrued £	At 31 December 2024 £
Cash at bank and in hand	14,695,875	(13,651,232)	–	–	–	1,044,643
Loan	(26,063,162)	(14,200,736)	–	(16,842)	(987,987)	(41,268,727)
Capitalised loan fees	519,850	–	(146,220)	–	(271,595)	102,035
	(10,847,437)	(27,851,968)	(146,220)	(16,842)	(1,259,583)	(40,122,049)

Other movements are made up of the commitment fee of £16,842 (2023: £133,924) capitalised and added to the loan balance.

Notes to the Financial Statements (continued)

27 Related party transactions

The Company's intermediate parent MAN GPM RI Community Housing 1 LP (the "Main Fund"), has confirmed its intention to provide support or assistance, which may include financial support, to the Company for the period up to 30 September 2026. This will provide sufficient liquidity to the Company to settle its obligations and commitments within the next 12 months after these financial statements are available to be issued.

Man Group Operations Limited, an indirect wholly owned subsidiary of the Group of which the Company is a part, paid for certain operating fees and expenses, including organisational costs, on behalf of the Company, which are then recharged back to the Company. For the year ended 31 December 2024 these amounted to £1,025,892 (2023: £1,019,523) of which £202,949 (2023: £30,413) remains outstanding at the year end.

For the year ended 31 December 2024, an amount of £1,350 and £76,849 were owed to Man Investments Holdings Inc and the Main Fund respectively for invoices paid on behalf of the Company.

In 2023, In Place Dysart Limited, a wholly owned subsidiary of the Company's immediate parent sold affordable rent units (Dysart Road, Grantham) to the Company for £5,490,978 of which £1,515,789 (2023: £1,515,789) was outstanding at year end.

In Place (Alconbury) Limited, a wholly owned subsidiary of the Company's immediate parent, owed an amount of £47,498 (2023: £Nil) to the Company for loan related costs paid on its behalf.

In Place (Trading) LP, a wholly owned subsidiary of the GPM CH Trading LP, a sister company, owed an amount of £455,870 (2023: £Nil) to the Company for loan related costs paid on its behalf.

All of the above partnerships are Limited Partnerships set up under the Limited Partnerships Act 1907 in accordance with an original Partnership Agreement dated 20 July 2020 and are not registered housing providers.

For remuneration of directors and key management personnel, see note 8.

Image depicting completed homes in the Alconbury development.

Notes to the Financial Statements (continued)

28 Controlling party

The immediate parent of the Company is GPM CH REIT Limited, a company registered in Guernsey.

The intermediate parent is Man GPM RI Community Housing 1 LP, a private fund limited partnership registered in Guernsey.

The ultimate parent of the Company is Conyers Trust Company (Bermuda) Ltd, a company registered in Bermuda.

The smallest and largest group of undertaking which the results of the Company are consolidated is Man GPM RI Community Housing 1 LP. The consolidated accounts are not publicly available and the entity's registered office is PO Box 286 Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

29 Events after the reporting period

Subsequent to end of reporting period, management have approved the transfer to In Place (CG) Limited, of affordable property units under the Chilmington scheme which are currently held by other group undertakings, specifically the Company and In place (CG)LP. Once the transfer is completed, In Place (CG) Limited will hold these units as inventories, with aim to market them to individual or bulk buyers.

On 29 January 2025, 6 units held by the In Place (Dysart) LP as development units held as inventory were transferred to the Company at a market value price of £1,480,000. The associated outstanding commitments on development agreements related to property development activities were also transferred to the Company together with the assets.

On 12 February 2025, the Company made a share capital reduction to GPM CH REIT Limited of a total of 34,331,598 shares of £1 per share.

On 24 March 2025 the Company issued a further £2,343,000 of called up share capital to GPM CH REIT Limited, the Company's immediate parent. Further share capital will be issued to GPM CH REIT Limited as and when it is required to support the investment objective of the Company.

On 31 March 2025, out of a total of 146 units held under the Wellingborough scheme by the In place (Glenvale) Limited, a total of 141 units were transferred at a cost £14,570,215 to the Company, together with all remaining associated outstanding capital commitments.

On 7 April 2025, all of the 30 units held by In Place (Coombe) Limited under the Coombe Farm property were transferred to the Company at a cost of £12,442,625. At as end of April 2025, all remaining HSBC loan and commitments held by In Place (Coombe) Limited with HSBC Bank PLC have been transferred to the Company.

On 2 June 2025 the Board approved that the Wellingborough development be added to the loan facility held with HSBC. On the same date the Board also approved an extension to the loan facility limit and term by 2 years.