



Business Plan

2026-2031



Business plan executive summary

The Business Plan sets out bpha’s operating environment, long term objectives, and the anticipated financial outcomes and funding requirements, providing a clear and robust framework for delivery over the plan period.

bpha operates with a strong and financially viable business model that consistently delivers value for money. Recent performance and forward projections demonstrate resilience and adaptability in the face of a challenging and evolving external environment, underpinned by disciplined financial management and a clear strategic focus.

The sector continues to face significant headwinds, including elevated inflation, higher borrowing costs, labour market pressures and supply chain constraints, all of which have increased the cost of service delivery across social housing. Notwithstanding these pressures, bpha has continued to perform effectively, supported by a relatively predictable rental income base and a geographically focused operating footprint.

The regulatory landscape has also evolved. The Social Housing (Regulation) Act 2023, effective from April 2024, has strengthened the powers of the Regulator of Social Housing, enabling more proactive and routine assessment of landlords and introducing revised consumer standards focused on safety, quality, transparency and accountability. Alongside this, the introduction of Awaab’s Law and wider changes to consumer, building safety and health standards have increased regulatory expectations around property condition, responsiveness and landlord accountability. Wider government initiatives to increase affordable housing supply and promote sustainability continue to shape the operating environment.

In response, bpha has made deliberate and targeted investment to improve service delivery, strengthen compliance, enhance customer satisfaction, meet environmental and building safety requirements, and deliver its strategic priorities. While these demands place pressure on resources across the sector, bpha’s continued focus on efficiency and value for money ensures it performs well against key performance metrics and is able to respond effectively to change.

The 2026/27 Business Plan demonstrates the Group’s strong financial position, confirming its ability to service debt as it falls due, remain comfortably within financial covenants, and generate sustained surpluses throughout the plan period. These surpluses support the long term delivery of the corporate strategy, with projections showing healthy margins, strong cash generation and a resilient balance sheet.

Over the life of the plan, bpha forecasts robust operating performance, reflecting the quality of its housing stock and efficiency gains achieved as the asset base continues to grow through development and acquisition activity. Operating cash flows, excluding sales, are sufficient to cover all debt interest—including the cost of financing new development—and capital expenditure on existing homes, including investment to meet Net Zero Carbon commitments by FY2050.

The Business Plan reflects the acquisition of approximately 1,200 homes across Bedford, Central Bedfordshire and Luton, with contracts exchanged in January 2026. The portfolio is predominantly affordable rented and provides an immediate, stable rental income stream. This targeted growth materially increases stock density within bpha’s core operating areas, strengthening its operational footprint and, critically, enabling an improved level of customer service for both existing and new customers through more efficient, locally focused service delivery. The acquisition also deepens bpha’s presence in locations expected to become increasingly important under emerging local government devolution proposals.

The acquisition has been subject to comprehensive due diligence and is fully reflected within the Business Plan and financial projections, confirming affordability, covenant compliance and alignment with long-term financial capacity. Recognising the importance of asset data in shaping future investment and resident needs, full stock condition surveys are planned within the first 6–12 months post-acquisition, with findings to inform asset investment planning in the next Business Plan cycle.

The Business Plan provides for the delivery of 1,732 new developed homes from FY2027 to FY2031. After allowing for the agreed stock acquisition in Luton in FY2027 and routine disposals, there is a net increase of 2,029 homes, taking total stock to 22,773 homes by March 2031.

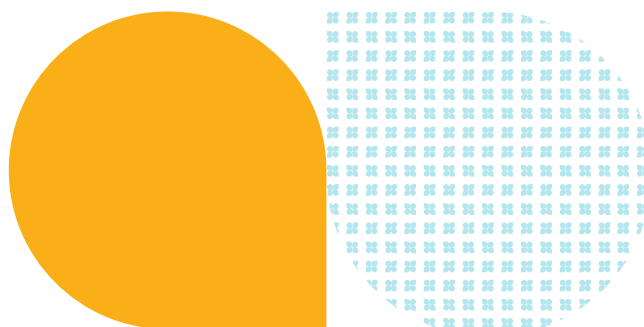
To support this growth, the absolute level of debt increases over the plan period to fund new development activity (all investment in existing homes including environmental and building safety programmes, is funded from operating cash flow). While borrowing increases in absolute terms, gearing reduces over the long term, as growth in the book value of housing assets more than offsets additional debt, strengthening balance sheet capacity over time.

Sensitivity analysis and stress testing have been undertaken to assess exposure to changes in key variables and their impact on financial performance and covenant compliance. The analysis confirms that bpha remains comfortably within its interest cover and gearing covenants over the next ten years under all scenarios tested. Strategic risks are further reviewed through the annual stress testing process, ensuring that financial planning remains robust and that bpha is well placed to respond to adverse conditions should they arise.



These are our Business Plan key financial outputs over the first five years of the plan:

	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Total units at end of year (units)	21,972	22,250	22,512	22,550	22,773
Core operating business					
Core turnover from operating activities (£'m)	158.8	168.3	176.7	184.9	192.7
Core contribution from operating activities (£'m)	61.3	67.1	71.5	75.8	79.7
Core operating margin	38.6%	39.9%	40.5%	41.0%	41.4%
Cashflow					
Net cash from operating activities (£'m)	81.6	89.1	95.4	101.5	107.2
Interest paid (£'m)	(48.5)	(51.6)	(54.5)	(57.2)	(63.8)
Capital expenditure (£'m)	(30.7)	(36.4)	(39.8)	(43.6)	(42.7)
Operating CF net of int & capex (£'m)	2.4	1.1	1.1	0.8	0.8
Development and sales					
Units developed	361	365	350	320	336
Development spend (£'m)	(96.4)	(102.7)	(92.9)	(96.3)	(100.9)
Income on SO and Market sales (£'m)	14.2	15.9	14.8	17.3	31.0
Income on disposal of fixed assest (£'m)	15.2	16.9	17.3	15.9	16.2
Key metrics					
Surplus after Interest before Tax (£'m)	22.3	27.3	28.8	21.5	31.3
Interest cover	206%	215%	213%	210%	209%
Social Housing Lettings EBITDA MRI Interest cover	107%	105%	106%	104%	108%
Market sales as % of total income	8%	9%	8%	9%	14%
Gearing	59%	58%	56%	56%	55%
Gross debt (£'m)	1,138.6	1,192.9	1,228.8	1,278.3	1,314.3





Business plan key deliverables and assumptions

Investment in existing assets

Investment in existing homes remains a core priority within the Business Plan, ensuring that properties meet the bpha standard for lifecycle replacement and remain safe, compliant and sustainable over the long term. The focus is on maintaining asset quality and customer safety, including compliance with evolving building safety requirements and a continued emphasis on preventing and addressing damp and mould.

Over the first five years of the plan, the Group expects to invest an average of £52m per annum in existing assets. This reflects both ongoing sector cost pressures and the organisation's commitment to maintaining asset quality and regulatory compliance. The programme comprises:

- £23m per annum for the replacement of capital components, aligned to lifecycle requirements
- £29m per annum for planned and routine maintenance, including statutory compliance.

The Business Plan includes provision for £19m of investment to bring all homes to EPC C+ and a further £415m of investment from FY2032 to support delivery of the Group's Net Zero Carbon target by FY2050, equivalent to an estimated investment of more than £20k per home at today's values. This programme will improve the energy efficiency of homes, helping customers to reduce fuel bills while also reducing environmental impact. This investment is additional to standard component replacement programmes, which will also contribute to achieving these objectives.

The capital investment programme is informed by component lifecycle modelling and stock condition data, with internal governance by bpha's Asset Data and Planning team and annual independent assurance from Savills that Business Plan investment aligns with identified needs.

Planned works include revenue investment programmes such as external decoration and the servicing and replacement of key components, supporting a targeted and proportionate approach to investment.

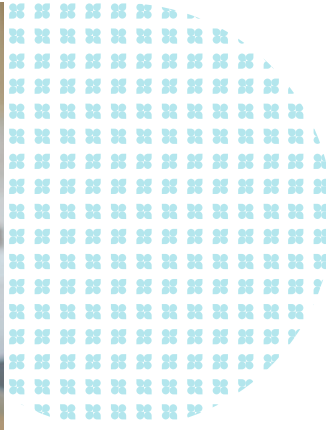
Planned maintenance assumptions are based on existing contractual arrangements for statutory servicing and compliance activity, with appropriate recovery through service charges where applicable. Routine maintenance costs include responsive and void repairs across the existing

housing stock and are underpinned by analysis of historic demand volumes and delivery patterns.

The projections include allowances for both responsive and planned repairs and maintenance, as well as capital investment, relating to the acquired homes in Bedford and Luton; the initial spend profile is informed by due diligence undertaken at acquisition, with timings and phasing to be refined once detailed stock condition surveys have been completed.

With the implementation of the In House Maintenance Service (IHMS), a significant proportion of repair and void activity has transitioned in house. The service covers empty homes, day-to-day repairs, electrical works and kitchen and bathroom replacements, while maintaining strong partnerships with local SME contractors for specialist and complementary services. This blended delivery model provides greater control over costs and service quality while retaining flexibility and resilience, with performance monitored through key strategic and operational customer-focused performance measurements to support effective oversight of service quality, responsiveness and value for money.

Investment in existing homes is funded from recurring operating cash flows and planned alongside debt servicing and development activity. This ensures that asset quality and safety are not compromised by growth and that investment remains affordable within the core operating business. Targeted investment to support service improvement is reflected in the Business Plan projections, with targeted investment to improve customer satisfaction and reduce waiting times.



We will continue to invest in refurbishing and regenerating our high-rise blocks so they continue to be safe, warm and comfortable.

Project Vista works started during 2018/19 to ensure our high-rise blocks remain fit for purpose over the next 30 to 40 years, and our Business Plan includes £62m of continued capital investment in the Bedford tower blocks from FY2027 to FY2032.

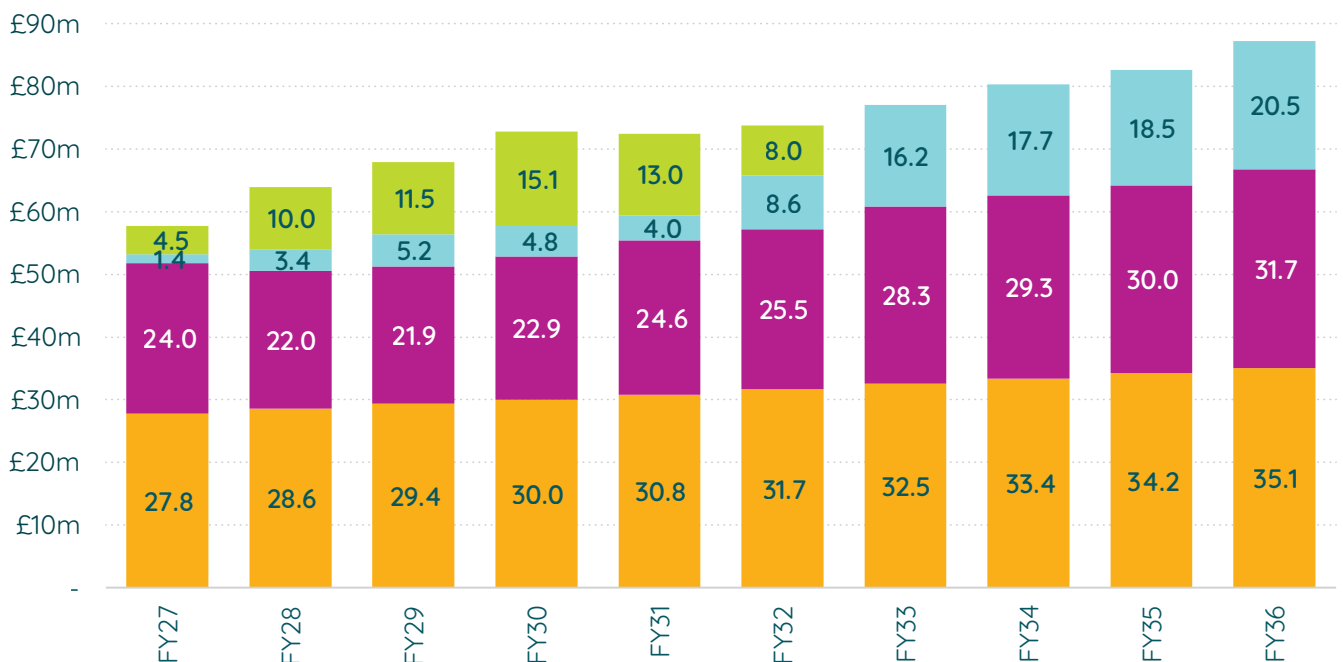
The project includes 14 blocks of flats in Bedford, built from 1954 to 1968, which are structurally sound and popular with customers, but perform poorly in terms of heat retention.

The key programme objectives are:

- Improve thermal efficiency
- Enhanced fire safety measures
- Protect the existing building fabric
- Enhance aesthetics and security
- Extend asset life by 30+ years
- Maintain safe, appropriate housing provision.

We will improve the energy efficiency of homes so customers have lower fuel bills and we reduce the impact on the environment so that almost all our homes achieve EPC level C or above by FY2030 and proactively plan for the transition to net zero carbon by FY2050.

Investment in existing assets

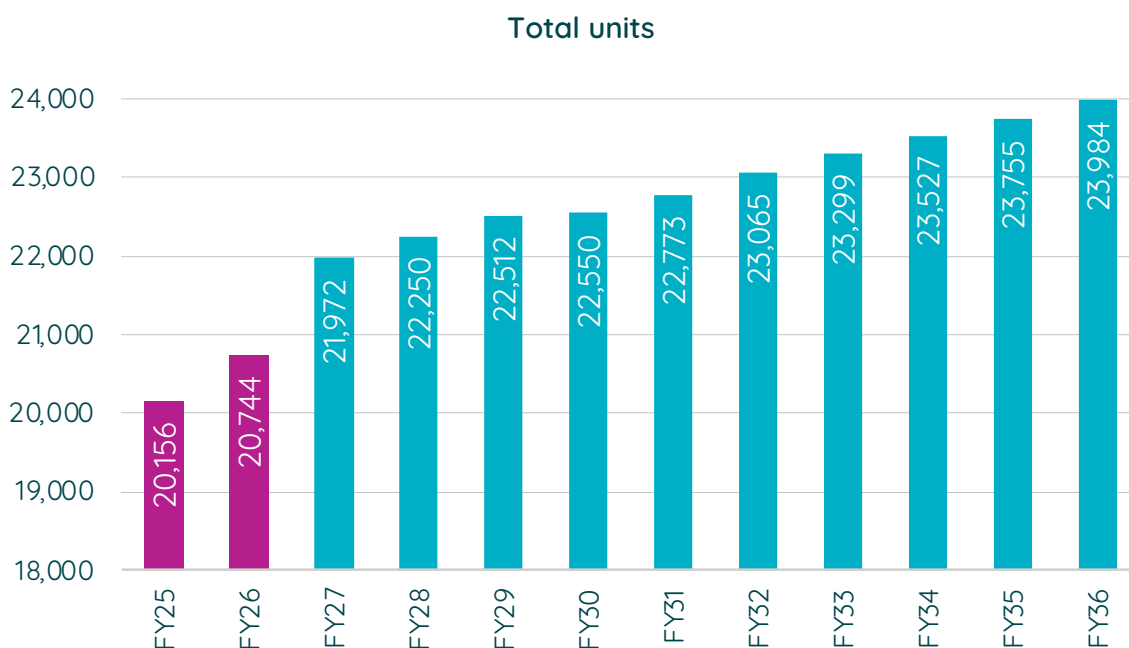


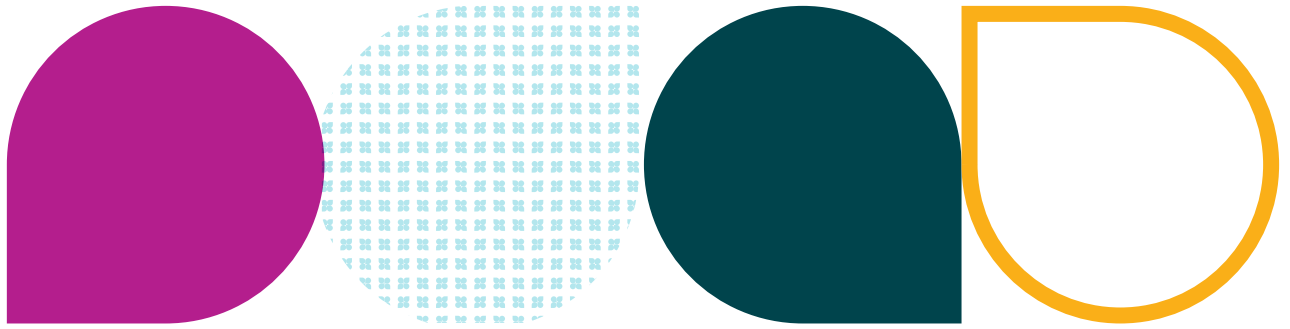
Key: ● Revenue repairs ● Capitalised repairs ● Environmental strategy ● Project Vista



New homes delivery and strategic stock growth

We continue to grow our portfolio through a combination of new affordable home delivery and the successful integration of a recently acquired portfolio of well-located homes. This blend of development and stock growth allows us to increase scale efficiently, strengthen our presence in key geographies, and enhance the resilience of our operating model.





We will build new affordable homes every year for rent and shared ownership, ensuring that we develop new homes in sustainable locations with good links to community facilities, transport and employment.

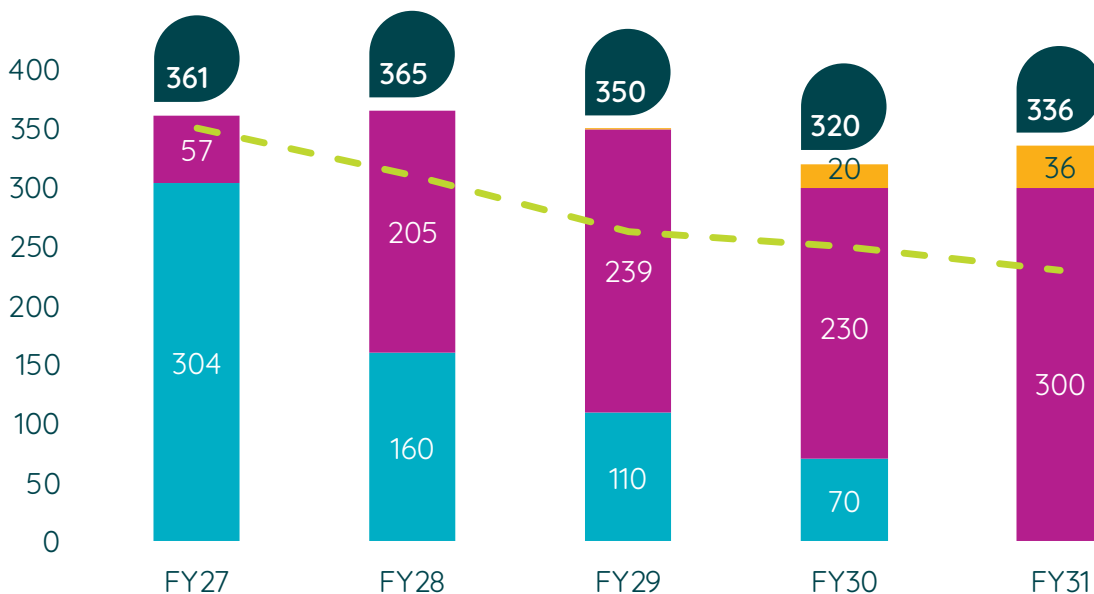
Our development reflects a disciplined and financially balanced approach to growth. Over the 5-year period from FY2027 to FY2031, we anticipate delivering just over 1,732 new homes, maintaining a consistent annual programme that supports the long-term sustainability of the organisation while recognising the ongoing opportunities and pressures in the construction and housing markets. This measured trajectory ensures we continue to expand our affordable housing portfolio without compromising covenant headroom or liquidity resilience.

Beyond FY2032, we assume a steady baseline programme of around 320 homes per year, comprising 300 affordable homes and 20 market sale units; only a small proportion

of the development pipeline was committed in-contract when this plan was prepared, ensuring the programme remains viable across a range of economic scenarios and enabling the Board to re-phase, defer or pause schemes in line with risk appetite, liquidity headroom and operational capacity. Notwithstanding this prudent baseline, our strategic intent remains firmly focused on increasing the supply of affordable homes where conditions allow. We continue to actively pursue opportunities that are operationally deliverable, commercially robust, and positively contributing to our financial capacity. bpha’s track record, strong governance, and disciplined investment framework place us in a good position to scale up delivery when the risk environment is aligned with our long-term objectives.

Development volumes are carefully managed within covenant headroom, minimum liquidity thresholds and the Board-approved risk appetite, and would be re-phased or deferred should these limits be approached.

Development programme



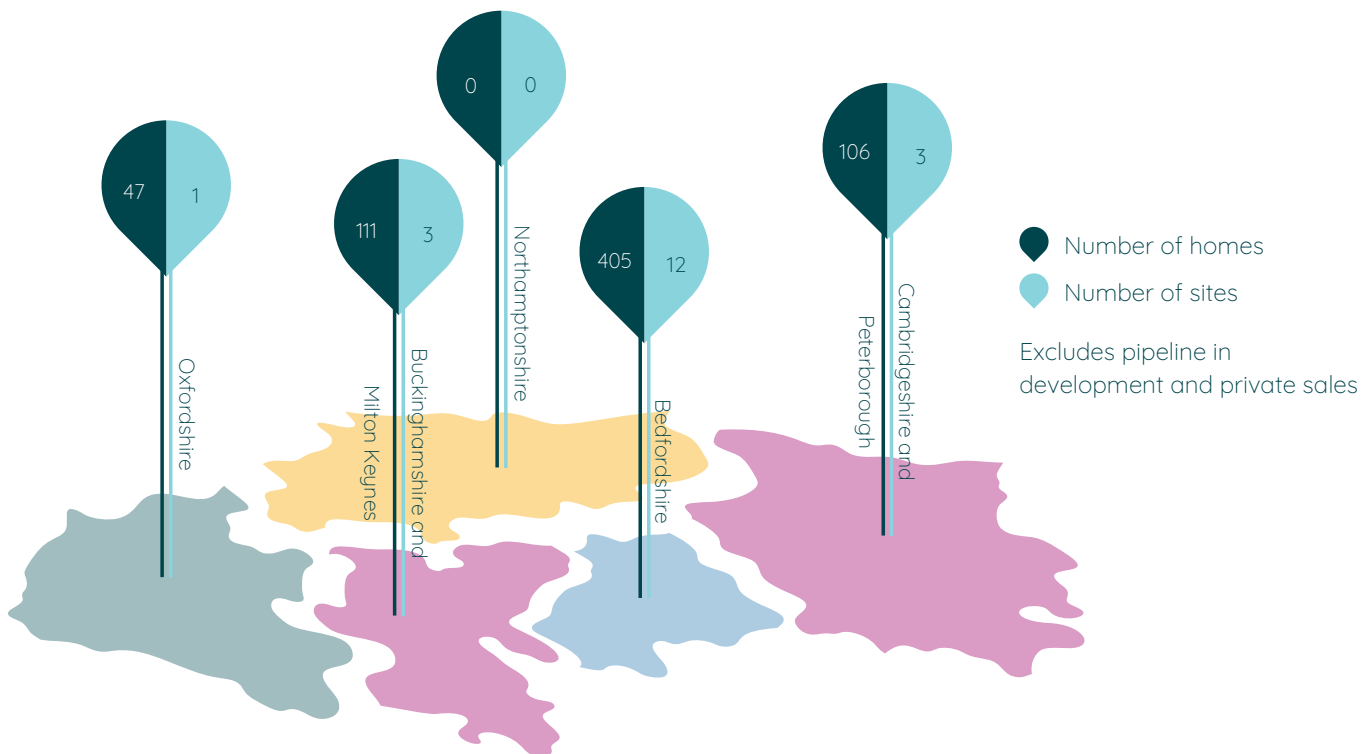
Key ● Bushmead - pipeline in development ● Pipeline in development ● Existing Pipeline ● 2025/26 Business Plan

Increase our stock in core areas so that we can grow sustainably and efficiently in our core geography, and continue to invest in our communities

We will continue to deliver new homes within our core operating geography, where strong economic fundamentals and high stock density enable us to consolidate service delivery, achieve operational efficiencies and deliver improved value for money.

We will maintain a forward pipeline of development opportunities drawn from a range of sources, including developer-led Section 106 schemes and sites brought forward in partnership with local authorities. These routes have historically provided a well-balanced mix of tenures within our core operating areas and offer a lower-risk approach to delivery, while enabling us to strengthen partnerships and deliver new homes efficiently.

Homes under construction as at end of December 2025



The acquisition of approximately 1,200 homes across Luton and Bedford represents a step change in the scale and density of bpha’s stock within its core operating area.

Completion will take place in two tranches, with an initial tranche completing before 31 March 2026 and the remainder completing in May 2026, allowing for a managed transition across financial years. The portfolio is predominantly affordable rented, with a small proportion of supported housing, housing for older people and market rent homes, and provides an immediate and stable rental income stream.

By bringing these homes into bpha’s portfolio, we deliver the equivalent of approximately four years of development output at our current build rate, but at a markedly lower capital cost. The acquisition price represents roughly 37% of the cost of developing an equivalent new-build home, offering strong asset cover and creating further capacity for future borrowing. This scale injection is therefore both strategically and financially advantageous, expanding our housing portfolio at pace while preserving headroom to continue investing in growth and service improvement.

Comprehensive due diligence has shaped our long-term assumptions for income, expenditure and investment, ensuring that the integration of these homes is fully aligned with our financial framework. The analysis confirms that we retain sufficient capacity to absorb the portfolio while maintaining a strong financial position, sustaining covenant strength, and preserving credit rating resilience.

Although the homes bring additional future investment requirements—typical of acquired stock—this has been incorporated into our planning to allow for prudent management of cash flows and ongoing capital needs. Overall, the portfolio enhances both the scale and resilience of our asset base, supporting long-term value creation for customers and stakeholders.



Work closely with Bedford Borough Council, Homes England and the local community to develop a masterplan for the Greyfriars regeneration area, creating a strong sense of place.

We will continue to progress plans for the regeneration of Greyfriars to create a new, residentially led mixed tenure community. The existing Greyfriars estate comprises four 1960s residential blocks providing 209 homes. The estate requires significant investment, with low EPC ratings, ageing components requiring wholesale replacement, limited tenure diversity and persistent anti social behaviour issues.

While there is a clear need to address the condition of the blocks, it has been concluded that comprehensive regeneration is the preferred approach, enabling the delivery of high-quality replacement homes alongside additional new homes, a significantly improved environment, better amenities and substantial economic and social value. bpha has worked in partnership with Bedford Borough Council and Homes England to develop a masterplan and Development Brief for the wider area, encompassing the bpha blocks and the adjacent Council car park. Customers and the wider community were actively involved in consultation, with feedback directly influencing the final proposals and shaping the vision for a regenerated neighbourhood.

The masterplan envisages around 325 new homes, alongside retail, commercial and community uses, new public spaces and gardens, and improved pedestrian and cycle links to the town centre and surrounding areas. A vacant former police station adjoining the site, with outline consent for 105 homes, is proposed to be acquired and incorporated into the scheme, improving land use efficiency and phasing flexibility.

Our development programme projections include the Greyfriars regeneration project, and we are working with Progress Investment Partnership, Homes England and Bedford Borough Council to refine the proposals and explore opportunities to secure public sector funding; however, progression remains subject to detailed viability, funding and resident impact assessments, with further delivery dependent on Board approval.

Bushmead Homes

Through our for-profit subsidiary, Bushmead Homes Limited (BHL), we deliver a limited programme of homes for private sale to generate surpluses for reinvestment in new affordable housing and to support our wider social purpose and strategic objectives.

Currently, delivery is primarily progressed through our Progress Investment Partnership (PIP) with The Hill Group. Established in 2024 and now operational, the partnership has its first scheme on site at Swavesey and is actively progressing further opportunities, providing efficiencies through shared expertise, scale and resources while maintaining a strong focus on scheme viability. This model strengthens our ability to deliver homes efficiently and at pace, while maintaining appropriate risk sharing and value for money.

The near-term programme is deliberately conservative, with five PIP-delivered schemes progressing between FY2027 and FY2031 and limited direct investment activity, ensuring exposure to market, cashflow and balance sheet risk remains proportionate and affordable.

Funding to support Bushmead Homes Limited's development activity is provided through limited intercompany on-lending from bpha on a commercial, arm's length basis, primarily to fund equity contributions into the Private Investment Partnership (PIP) and enable schemes to progress in line with agreed business plans and risk parameters. Intercompany lending is capped at £25m and is forecast to peak at £20m in FY2028, remaining affordable within forecast cashflows, covenant headroom and the Group's overall risk appetite. All on-lending is incorporated within the Group's treasury, liquidity and governance framework, with ongoing Treasury oversight ensuring continued alignment with Group liquidity and funding capacity.



Development expenditure

Gross investment in new homes over the first five years of the plan (FY2027–FY2031) is forecast at £489m, reflecting a consistent and disciplined development activity across the period. This includes investment delivered through our core development programme, joint venture activity - including schemes progressed through our Investment Partnership - and regeneration activity. Development expenditure assumptions are based on prudent, Board-approved parameters and are subject to sensitivity testing and ongoing review through the annual financial planning and stress testing process.

After allowing for shared ownership first tranche sales, outright market sales and grant funding, net development expenditure over the period is projected at £330.9m. Net annual spend fluctuates over the plan period, reflecting sales receipts and grant assumptions, while maintaining a steady level of delivery.

The development profile demonstrates a prudent approach to risk and capacity:

- Gross committed and in-contract development expenditure remains proportionate to the core operating business, consistent with the Group's affordability framework.

- The programme retains flexibility, with a significant proportion of future expenditure relating to uncommitted schemes or aspirational development.
- Bushmead Homes contributes a modest proportion of overall investment, supporting cross-subsidy while maintaining an appropriate risk profile.

From FY2032 onwards, we assume a stable baseline programme with annual net development spend of c.£61m, supporting delivery of approximately 320 homes per year, including around 20 homes for outright sale (or alternatively allocated to the PIP).

The development programme is funded through a combination of new debt, alongside cross-subsidy from shared ownership and market sales, supported by grant funding. Over the first five years of the plan, we forecast receiving £48.2m of grant, primarily from Homes England, with additional use of Recycled Capital Grant Fund (RCGF) where appropriate to support scheme viability.

	£'m	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5	Total 5 years
Development expenditure		(96.4)	(102.7)	(92.9)	(96.3)	(100.9)	(489.2)
Income from sales		14.2	15.9	14.8	17.3	31.0	93.1
Income from grant		11.4	19.0	5.0	6.2	6.7	48.2
JV Investment		(14.9)	(4.0)	19.4	7.1	9.3	16.9
Net development expenditure		(85.7)	(71.8)	(53.7)	(65.7)	(53.9)	(330.9)

Sales

The plan assumes the sale of 513 first tranche shared ownership homes and 58 homes for outright private sale by FY2031, generating total sales income of c.£93m over the first five years of the plan. Shared ownership assumptions are based on an average first tranche sale of 35% across the existing pipeline and schemes in development, reflecting recent performance and market conditions.

Assets disposals

The plan also reflects a prudent level of asset disposals arising from existing activity, including shared ownership staircasing, My Choice HomeBuy (MCHB) and Rent to HomeBuy (RTHB). Homes disposed of through MCHB and RTHB are converted to shared ownership and therefore do not reduce overall unit numbers. Assumptions for outright disposals are conservative and aligned with historic experience, ensuring that forecast receipts are realistic and do not create undue reliance on sales activity.



Expenditure

Employment costs and overheads

We will invest in local ‘on the ground’ presence building a strong link with communities. Our team will support customers, with good access to broader support services.

Employment costs and overheads comprise staffing costs, estate-related operating expenditure and central office overheads. The Business Plan reflects planned increases in management and operational capacity over the forecast period, aligned to growth in homes and development activity, ensuring that services remain appropriately resourced and that operational, regulatory and financial risks are effectively managed as the organisation scales up.

Investment is focused on strengthening local, place-based delivery and maintaining a visible on-the-ground presence, supporting early identification of issues, effective customer engagement and timely intervention. Performance against customer outcomes, including Tenant Satisfaction Measures and complaints handling, is monitored through regular reporting to the Board and informs ongoing service improvement priorities.

The Business Plan also includes targeted investment to ensure continued compliance with the Regulator of Social Housing’s consumer standards, the Building Safety Act, and wider health and safety and compliance requirements. This includes additional capacity and specialist expertise within property services, customer services and core support functions, strengthening governance, assurance and control frameworks.





We will improve digital access to our services and continue to develop systems so that we have good customer data and the ability to provide a more personal and appropriate services. We will also improve the quality of our data and information, both for homes and customers, so that we can provide better services now and make better decisions in the future.

We continue to invest in digital access and systems to improve the quality and use of customer and asset data, enabling more responsive, personalised services and stronger decision making. Data quality, particularly for asset and customer information, remains an area of active focus, with a structured data improvement programme (bphaPulse) underway to strengthen assurance, reporting and decision making over the plan period.

To ensure our systems, controls and processes keep pace with growth and regulatory expectations, the Business Plan includes ongoing investment in people and technology, with a focus on skills development, specialist capability and continuous improvement. This includes the adoption of modern, resilient digital platforms to streamline operations, strengthen internal controls and improve efficiency.

Cybersecurity is a key priority for bpha. We will continue to invest significantly in protecting our systems and data through enhanced security controls, regular assurance activity, specialist staff training and professional cybersecurity certifications, alongside investment in incident response and recovery processes. These measures safeguard the confidentiality, integrity and availability of information, reduce operational and reputational risk, and ensure resilience in an increasingly complex threat environment.



Financial capacity and viability

Efficient operations and value for money

Strong operational performance and the consistent delivery of value for money underpin our financial strategy. The combination of a relatively young housing stock and a geographically focused operating footprint enables bpha to manage and maintain its homes efficiently, supporting robust operating margins and strong value for money outcomes. This efficiency provides the financial flexibility required to sustain balanced investment across both existing homes and new supply.

Our approach to growth is supported by active balance sheet management. We purposefully maximise our long-term investment capacity, reflecting our strategic priorities and strong asset performance. While this results in higher gearing than some peers, it is underpinned by predictable cash flows and strong asset cover

Development and investment decisions are governed by Board approved appraisal framework. Proposals are assessed using prudent assumptions and are subject to extensive internal challenge to ensure they meet defined thresholds for financial viability, risk tolerance and strategic alignment.



Capital structure and funding

bpha's funding strategy is designed to support its strong financial position to remain flexible so that it can continue to invest in homes and services, now and in the future. The income we receive from rents and day-to-day activities covers our normal running costs, the costs to invest in our existing homes to ensure they remain energy efficient and the costs to service debt. We continue building much needed new homes, however these require additional long-term funding, which we secure through a combination of borrowing, grants and money we retain from our operations.

As at 31 December 2025, total committed debt facilities stood at £1,134m, with £975m (86%) drawn. The debt portfolio is well diversified by instrument and maturity, with the maturity profile structured to avoid concentrated refinancing pressure in any single year. We have no material debt repayments due within the next five years.

Looking over the 30-year plan, refinancing exposure remains manageable. We only have four years where repayments are in excess of £100m, being FY2032, FY2035, FY2036 and then our £350m public bond maturing in FY2045. This long-dated profile provides visibility and stability, supporting the Group's credit strength and ability to plan investment with confidence.

Liquidity management

Liquidity and funding risk are managed within a clearly defined framework set out in the Group's Treasury Management Policy, which is reviewed and approved annually by the Board. The policy establishes clear parameters covering funding sources, counterparty exposure, interest rate risk and ensures that liquidity remains robust under a range of operating and market conditions.

The Group actively manages its borrowing portfolio to remain within its stated risk appetite, with a strong focus on certainty, resilience and cost efficiency. The predominantly fixed-rate funding is used to finance long-life assets, providing protection against interest rate volatility and supporting predictable cash flow coverage.

Economic and treasury assumptions

Debt and funding strategy

The Business Plan projects an increase in gross debt of approximately £307m over the first five years, taking total debt from £1,007m at the start of FY2027 to around £1,314m by the end of FY2031. This reflects funding required to support the planned development programme and JV investment activity.

The funding strategy assumes that debt is initially drawn through revolving credit facilities (RCFs) and is periodically refinanced into longer-term bank or capital markets debt. This approach supports a balanced maturity profile and manages exposure to interest rate volatility. Interest rate assumptions for the first five years of the plan are informed by prevailing market forecasts.

Variable-rate funding assumptions reflect current market conditions, with short-term rates modelled at SONIA plus margin. This results in an all-in interest rate of 5.75% from FY2032.

The funding strategy retains flexibility to access long-term fixed-rate funding through banks or the capital markets where appropriate, including to support specific development activity.

Economic assumptions

Economic assumptions within the Business Plan, including future interest rates, are based on external market data and treasury advice. SONIA assumptions are derived from the three-month forward SONIA curve, compiled using forecasts from banks, brokers and treasury advisers.

Approximately 76% of existing borrowing is on a fixed-rate basis, with an average of around 69% fixed over the next five years, providing predictability over interest costs. The Business Plan assumes that future long-term borrowing through banks and the capital markets will be predominantly fixed-rate, with the intention of maintaining a broadly consistent fixed-rate proportion across the plan period. While this approach is expected to reduce exposure to interest-rate volatility over the long term, the Plan recognises that borrowing which has not yet been secured remains subject to prevailing market interest rates at the point of execution. Over the first ten years, the fixed-rate proportion is expected to increase to approximately 80%, reflecting the maturity profile of existing bilateral bank facilities and planned new debt capital market issuances.

The Business Plan assumes continued access to competitively priced funding through established banking relationships and periodic access to the debt capital markets, consistent with the Group's existing treasury approach.

Business Plan assumptions 2026-2031	FY27	FY28	FY29	FY30	FY31
Inflation					
CPI	3.80%	2.70%	2.00%	2.00%	2.00%
Expenditure Inflation	3.80%	2.70%	2.00%	2.00%	2.00%
Income inflation Rental homes	4.80%	3.70%	3.00%	3.00%	3.00%
Income inflation Shared Ownership homes	5.00%	3.95%	3.25%	3.25%	3.25%
Rental voids	1.40%	1.40%	1.40%	1.40%	1.40%
Rental bad debts	1.10%	1.10%	1.10%	1.10%	1.10%
Treasury					
SONIA (LIBOR)	4.00%	4.00%	4.05%	4.15%	4.25%
Interest margin	1.00%	1.00%	1.00%	1.25%	1.25%
Interest on positive cash balance	3.50%	3.50%	3.55%	3.75%	3.75%
Cash	£17m (£15m bpha & £2m Bushmead) minimum cash balance				



Financial projections

The Business Plan sets out a financial framework that supports delivery of the Group's corporate objectives, including the generation of recurring operating surpluses, the servicing of debt as it falls due, and continued compliance with financial covenants. The projections reflect a business model with sufficient capacity to fund planned investment, manage risk and respond to changing conditions over the plan period.

Statement of comprehensive income £'m	FY27 Yr 1	FY28 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Core operating income	158.8	168.3	176.7	184.9	192.7
Core operating expenditure	(97.5)	(101.2)	(105.2)	(109.1)	(113.0)
Surplus core operating activities	61.3	67.1	71.5	75.8	79.7
Surplus from development sales	2.5	2.5	3.6	2.9	6.3
Surplus on disposal of fixed asset	7.8	9.6	9.9	9.4	9.7
Other operating costs	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)
Surplus before interest	66.5	73.8	79.6	82.5	90.1
Net interest	(44.1)	(46.6)	(50.8)	(53.9)	(58.8)
Impairment (Greyfriars)	0.0	0.0	0.0	(7.2)	0.0
Surplus after interest and tax	22.3	27.3	28.8	21.5	31.3
Core operating margin	38.6%	39.9%	40.5%	41.0%	41.4%

- Core operating income increases steadily from £158.8m in FY2027 to £192.7m by FY2031, driven by rental inflation across the existing stock and continued growth in the housing portfolio through the development programme
- Core operating expenditure also increases over the period, reflecting investment in staffing, repairs and maintenance, and compliance
- Despite these cost pressures, bpha generates sustained operating surpluses throughout the plan, surplus after interest and tax increases from £22.3m in FY2027 to £31.3m by FY2031
- The core operating margin strengthens over the plan period, increasing from 38.6% in FY2027 to 41.4% by FY2031. Margins are moderated in the early years, before exceeding the Board's medium-term target of 40% from FY2029 onwards

Statement of comprehensive income

bpha's core operating business remains firmly focused on the provision of social housing, supported by a limited level of development sales and other non-social housing activity. Forecasts demonstrate that the Group continues to deliver strong and stable financial performance across the plan period, underpinned by predictable rental income and disciplined cost control.

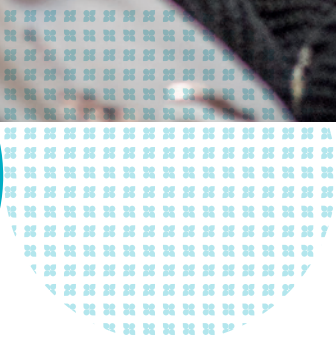
- Exposure to development and market sales remains controlled and proportionate. Surpluses from development sales are modest relative to the size of the core operating business
- Net interest costs increase from £44.1m in FY2027 to £58.8m in FY2031, reflecting the planned increase in borrowing to support development activity and higher interest rate assumptions. These costs remain affordable and are fully accommodated within forecast surpluses and covenant headroom
- An impairment of £7.2m is assumed in FY2030 in relation to the Greyfriars regeneration, reflecting the demolition of three high rise blocks and re-provision of homes. This results in a temporary reduction in surplus in that year (with impairment to be reprofiled once treatment is agreed).

Statement of Financial Position

The Statement of Financial Position demonstrates a strengthening balance sheet over the plan period, reflecting continued investment in new homes and sustained expenditure on existing properties to maintain quality, safety and long term asset performance. This investment strategy results in a progressive increase in net assets and retained surpluses, providing a strong foundation for long-term financial resilience.

Statement of financial position £'m	FY27 Yr 1	FY278 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Fixed assets total	1,735.6	1,838.2	1,905.4	1,977.6	2,057.8
SO and outright sales WIP	19.6	20.8	23.1	30.2	26.5
Trade and other debtors	7.3	2.7	1.1	(2.9)	(7.6)
Cash and cash equivalents	27.8	27.7	27.7	27.7	27.6
Current assets total	54.8	51.2	52.0	55.0	46.4
Creditors - amounts due within one year	(31.5)	(31.5)	(31.5)	(31.5)	(31.2)
Total Assets less current creditors	1,758.8	1,857.9	1,925.9	2,001.2	2,073.1
Creditors - amounts due > one year	(1,288.2)	(1,360.1)	(1,399.3)	(1,453.1)	(1,493.7)
Net assets	470.6	497.8	526.6	548.1	579.4
I&E reserve	470.5	497.8	526.6	548.1	579.3
Gearing	58.8%	57.9%	56.5%	56.0%	54.7%

- Total fixed assets increase from £1,735.6m in FY2027 to £2,057.8m by FY2031, driven by the completion of new homes and capital investment across the existing stock. This growth in asset values underpins balance sheet strength and supports the Group's ability to manage increased scale and complexity while maintaining appropriate risk controls
- Net assets increase steadily from £470.6m in FY2027 to £579.4m by FY2031, with a corresponding increase in Income and Expenditure (I&E) reserves reflecting sustained surplus generation over the period
- Creditors - amounts falling due within one year primarily comprise HomeBuy balances, deferred social housing grant and recycled capital grant funding (RCGF). Over the plan period, RCGF generated through asset sales is forecast to broadly offset RCGF utilised for development, resulting in no requirement for RCGF repayments
- Over the longer term, total debt is projected to increase as the Group continues to deliver its development programme and invests to meet its Net Zero Carbon (NZC) commitments. Based on current assumptions, net debt is expected to peak at £2,111m in FY2050. This increase in borrowing is deliberate and planned, reflecting long-term investment priorities rather than short-term financial pressure
- Despite the increase in absolute debt, gearing reduces consistently over the plan period, falling from 58.8% in FY2027 to 54.7% by FY2031, and is forecast to fall below 50% from FY2039 onwards. This reduction is driven by the continued growth in the book value of housing assets, which more than offsets additional borrowing.



Statement of cash flow

bpha's cash flow profile demonstrates strong and predictable cash generation from core operating activities, providing ongoing capacity to service debt, invest in existing homes and support planned growth. Historically, cash generated from operations has been sufficient to cover interest costs and capital expenditure on existing properties, and the projections indicate that this position is maintained throughout the plan period.

Statement of cash flow £'m	FY27 Yr 1	FY278 Yr 2	FY29 Yr 3	FY30 Yr 4	FY31 Yr 5
Net cash from operating activities	81.6	89.1	95.4	101.5	107.2
Interest Paid	-48.5	-51.6	-54.5	-57.2	-63.8
Operating CF net of interest	33.1	37.5	40.9	44.3	43.5
Improvements to housing properties & other capex	-24.8	-23.0	-23.7	-23.7	-26.1
Project Vista	-4.5	-10.0	-11.0	-15.1	-12.6
Environmental Strategy	-1.4	-3.4	-5.2	-4.8	-4.0
Operating CF net of int & special projects	2.4	1.1	1.1	0.8	0.8
Proceeds from asset sales	15.2	16.9	17.3	15.9	16.2
SO sales + market sales	14.2	15.9	14.8	17.3	31.0
Operating + sales CF	31.7	33.9	33.2	34.0	48.0
Development spend	-96.4	-102.7	-92.9	-96.3	-100.9
Acquisition	-62.7	0.0	0.0	0.0	0.0
Other items	-3.5	14.9	24.4	13.3	16.0
Net CF after development activities	-130.8	-53.8	-35.3	-49.0	-36.9
Opening cash	17.0	17.0	17.0	17.0	17.0
Net movement in borrowings and deposits	130.8	53.8	35.3	49.0	36.9
Closing cash	17.0	17.0	17.0	17.0	17.0



- Net cash from operating activities increases steadily from £81.6m in FY2027 to £107.2m by FY2031, reflecting rental income growth from the existing portfolio and additional homes delivered through the development programme. After interest payments, operating cash flow remains robust, rising from £33.1m in FY2027 to £43.5m in FY2031
- Significant investment is prioritised in existing homes and strategic programmes. Expenditure averages around £67.0m per annum, comprising revenue spend on repairs and maintenance (R&M) alongside capital investment in component replacement, ensuring homes remain safe, compliant and well maintained, while targeted investment in Project Vista and the Environmental Strategy supports service improvement, compliance and progress towards EPC C and Net Zero Carbon objectives. After these investments, operating cash flow remains broadly neutral
- Development and acquisition activity results in a net cash outflow over the five-year period, funded through a combination of operating cash flows, prudent asset sales and additional borrowing. Proceeds from asset sales contribute £81.5m over FY2027–FY2031, but the Business Plan does not rely on disposals to maintain liquidity or covenant compliance, with assumptions remaining conservative given current market conditions
- Cash interest payments increase over the period, rising from £48.5m in FY2027 to £63.8m in FY2031, reflecting the planned increase in borrowing to support development activity and higher interest rate assumptions. These costs remain affordable and are fully accommodated within forecast operating cash flows
- Liquidity is managed in line with the Treasury Management Policy, with a minimum cash balance of £17.0m maintained throughout the plan period

Taken together, the financial projections indicate a plan built on a resilient and sustainable financial position. Asset values and reserves grow over the period, gearing reduces over time, and recurring surpluses support debt servicing, investment in existing homes and the delivery of new supply. Operating cash generation is sufficient to fund planned investment activity while maintaining appropriate liquidity, enabling the Group to meet its obligations and progress its strategic objectives within a controlled and sustainable financial framework.



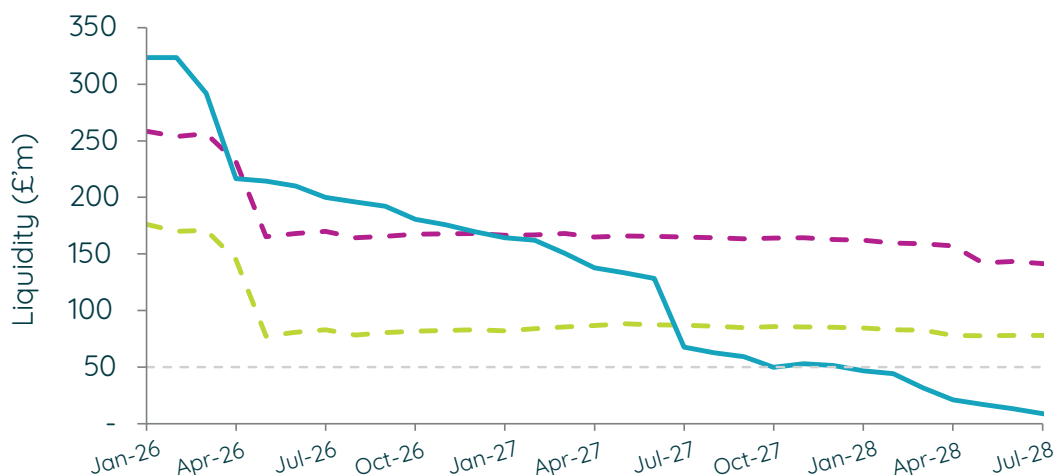
Funding: gross debt projection and debt facilities

Financial forecasts confirm that operating cash flows are sufficient to fund investment in existing homes, including EPC C, Net Zero Carbon and Project Vista, while committed debt facilities support the delivery of current development schemes; additional borrowing will be required to sustain development activity beyond this level.

Funding is deliberately phased to balance liquidity resilience with cost efficiency. The timing of new borrowing takes account of forecast cash flows, minimum liquidity requirements and covenant headroom, ensuring that funding is secured ahead of need without incurring avoidable carry costs.

Based on current facilities, liquidity headroom extends for approximately 18 months. The Plan therefore assumes the renewal of revolving credit facilities and access to additional long-term funding, consistent with the Group's established treasury strategy. The plan assumes £400m of new capital markets funding by FY2032. This funding is expected to be long-dated and largely fixed-rate, supporting stable cash flow coverage, managing refinancing risk and maintaining a balanced and resilient debt profile as borrowing levels increase.

Projected liquidity headroom



Key ■ Target Liquidity Headroom ● Liquidity Headroom ■ Min Liquidity Headroom ■ Min Treasury Liquidity Headroom

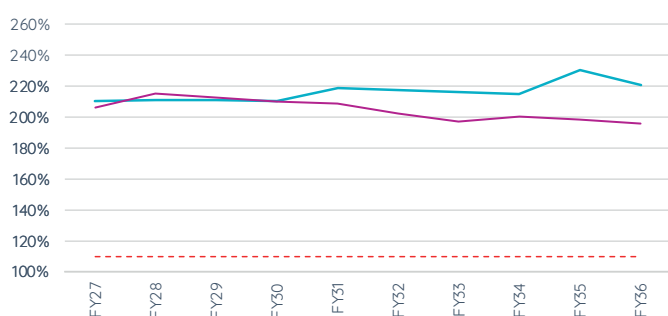


Key financial metrics

Covenants

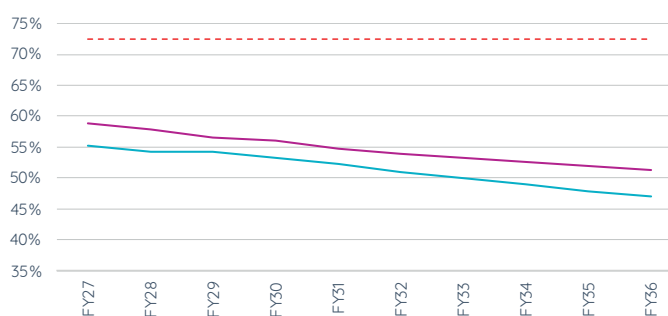
The Business Plan demonstrates that bpha remains comfortably compliant with all financial covenants contained within its loan agreements throughout the plan period. The key covenants monitored are one-year interest cover and gearing (net debt to historic cost), both of which remain well within required thresholds under the base case.

One-year interest cover



Key ● BP 2026/27 ● BP 2025/26 ◻ Covenant Level

Gearing - net debt to historic cost

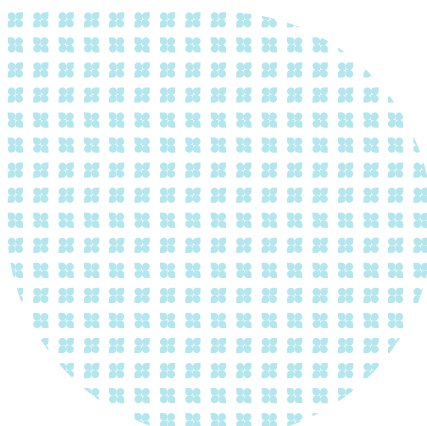


Key ● BP 2026/27 ● BP 2025/26 ◻ Target Level

- The one-year interest cover ratio remains significantly above the covenant minimum of 120% in all years of the plan. The ratio reaches its lowest point in FY2037 at 195%, providing substantial headroom and demonstrating the Group’s ability to service debt costs even under more pressured conditions

- Gearing peaks at 58.8% in FY2027 before reducing steadily over the remainder of the plan. While the absolute level of debt increases to support development activity, gearing declines as the book value of housing assets grows. Over the long-term, gearing is forecast to reduce from 58.8% in FY2027 to 34% by FY2056, reflecting strengthening balance sheet capacity and increasing asset cover.

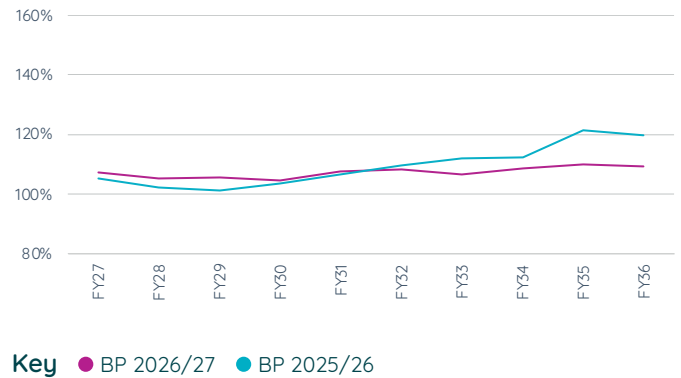
Overall, covenant performance demonstrates that bpha retains substantial financial headroom, with the capacity to absorb downside risk while continuing to invest in new supply. The Board reviews covenant compliance, liquidity headroom and stress testing outcomes periodically, with predefined escalation and management actions triggered should headroom reduce towards agreed thresholds.



Social Housing Lettings (SHL) EBITDA MRI/interest cover

- The SHL EBITDA MRI interest cover ratio, which excludes development surpluses and existing asset sales, remains above the Board's minimum level of 100% throughout the plan period
- Beyond FY2032, the metric is lower compared to the previous plan, driven primarily by increased interest costs as higher aspirational development volumes are assumed in the long term. These pressures have been explicitly modelled and remain affordable within the plan, with the metric continuing to demonstrate sufficient headroom
- Overall, the metrics provide clear assurance that bpha's core operating business remains financially robust, with strong margins and cash-based interest cover supporting debt affordability and long term financial sustainability.

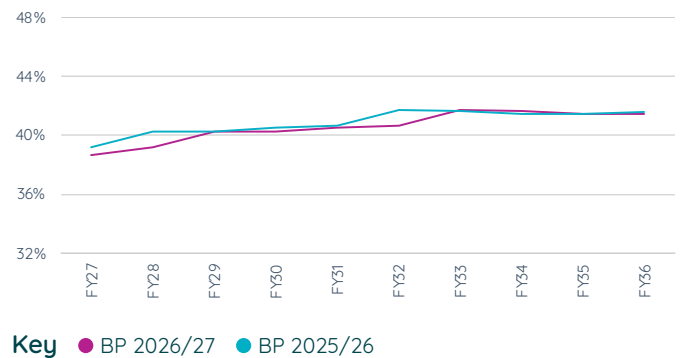
SHL EBITDA/MRI Interest



Core operating surplus and margin

- The core operating margin reflects deliberate and sustained investment to support the continued delivery of safe, compliant and good quality homes, maintaining asset condition over the long term, and reinforces service standards in a more demanding operating environment. While this places upward pressure on operating costs, the margin remains robust, demonstrating the resilience and efficiency of the core social housing business.

Core operating margin



Sensitivity analysis

A sensitivity analysis has been undertaken to assess bpha's exposure to changes in key variables and the potential impact on financial performance and covenant compliance. The analysis is benchmarked against the FY2026 Business Plan base case and is designed to provide assurance over the resilience of the plan under a range of adverse conditions.

The scenarios tested are aligned with the stress-testing frameworks used by the Bank of England and the Sector Risk Profile published by the Regulator of Social Housing, ensuring that the analysis reflects both macroeconomic risks and sector-specific pressures. The testing considers the impact of changes in inflation and interest rates; rent policy and house price movements; supply chain constraints and labour availability; tenant demand and government policy changes; and the combined effects of these factors on financial performance and operational efficiency.

This structured and holistic approach enables the Group to understand the sensitivities within the plan, identify potential pressure points and confirm that appropriate mitigations are available, supporting continued delivery of safe and affordable homes.

The sensitivity analysis demonstrates that bpha remains within its interest cover and gearing covenants over the next ten years under all scenarios tested, providing clear assurance over the robustness and affordability of the Business Plan.

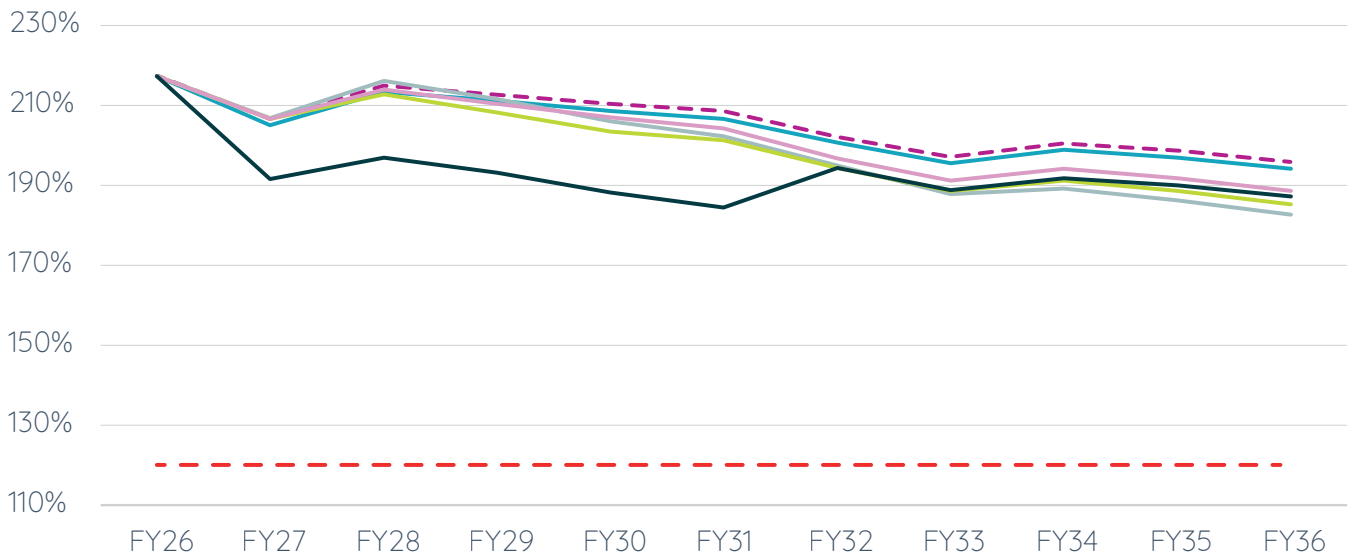


Scenario	Assumptions tested
Base case	bpha develops 200 units + 20 market sale
Pipeline	Existing pipeline schemes only (no aspirational)
Increased development	Additional 100 development units per annum
1	Lower recovery of service charge income for 3 years
2	Reduction in open market values of 10% (up to FY2031)
3	Six-month delay in sales (shared Ownership and Private)
4	Rent increase at CPI flat (from FY2028 to FY2030)
5	Reduction in first tranche sales sold percentage by 15% (up to FY2030)
6	Increase in construction costs, R&M and major repairs costs by 10% (up to FY2031)
7	Increase in 'at risk' income bad debts by 10% (up to FY2029)
8	Increase in variable interest rates of 0.5% above levels in Base Plan (up to FY2031)
9	EPC Band C cost increase by 25% and no related disposals
10	Increased VAT/Tax/NI (1% ongoing increase in VAT and other taxes)
11	Greyfriars increase contingency
12	Remove Rent Convergence
Combination	Combination of scenarios Base case, 2, 6, 8
Acquisition - Project Griffin	20% increase in R&M and major repairs (up to FY2030), acceleration of capex (up to FY2031), delayed rental income and increase in management costs in FY2027 for delays in permanent recruitment.

Gearing and interest cover

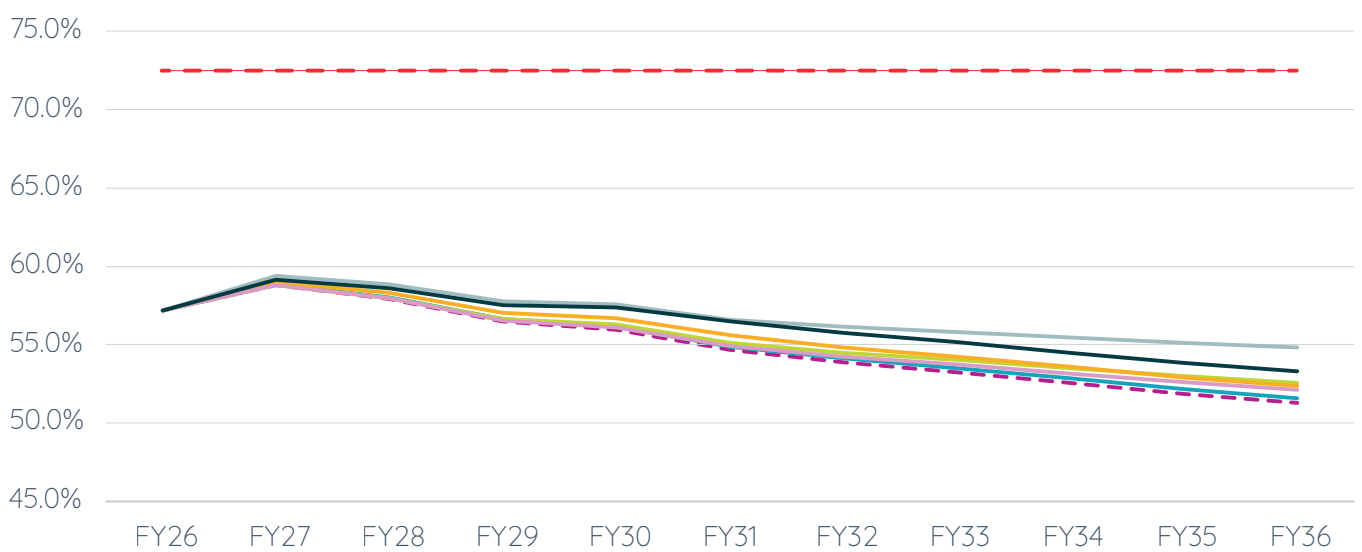
The sensitivity analysis demonstrates that none of the scenarios tested compromise bpha's ability to meet its gearing or interest cover covenants. Financial modelling confirms that, even where the combined downside scenario fully materialises, the Group retains sufficient covenant headroom to continue delivering its development strategy while remaining compliant over the next ten years.

One year interest cover - covenant



Key - - - Covenant Level ● Increased Development View ● Combination - Base, 2, 6 & 8 ● Base Plan ● 4. Rent Cap ● Acquisition - Project Griffin ● 12. No Rent Convergence

Net debt to historic cost - covenant

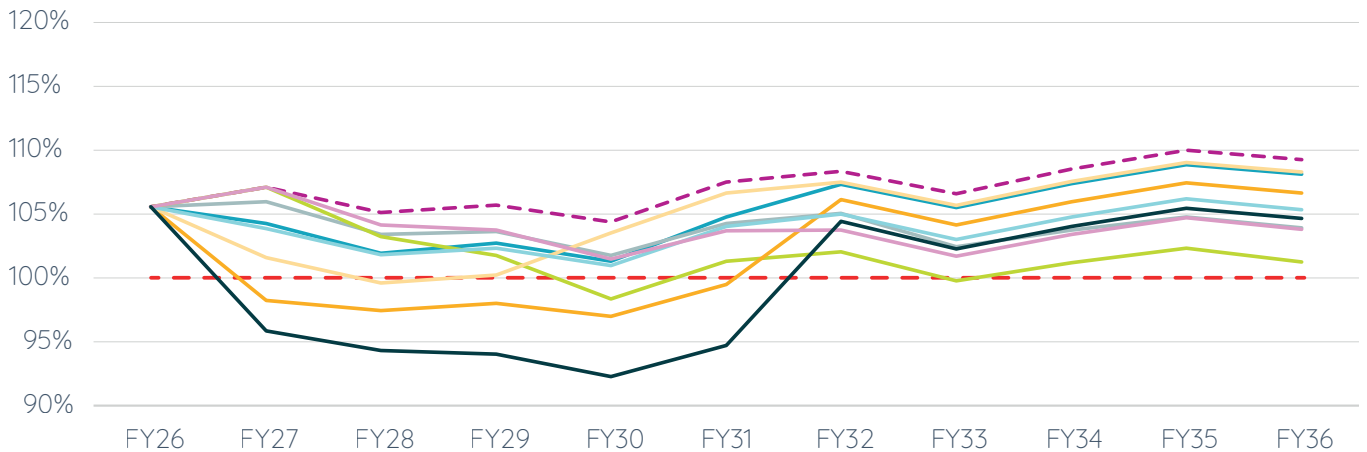


Key - - - Covenant Level ● Increased Development View ● 12. No Rent Convergence ● Base Plan ● 4. Rent Cap ● Combination - Base, 2, 6 & 8 ● Acquisition - Project Griffin ● 6. Increase costs 10%

Social Housing Lettings (SHL) EBITDA MRI/Interest cover

The majority of sensitivity scenarios remain at or close to the 100% minimum threshold, and where pressures emerge under the combined scenario, early management actions—including reviewing and reprofiling investment and capital expenditure—would be taken to protect SHL surplus and maintain compliance with the metric.

Interest cover - EBITDA MRI (SHL)

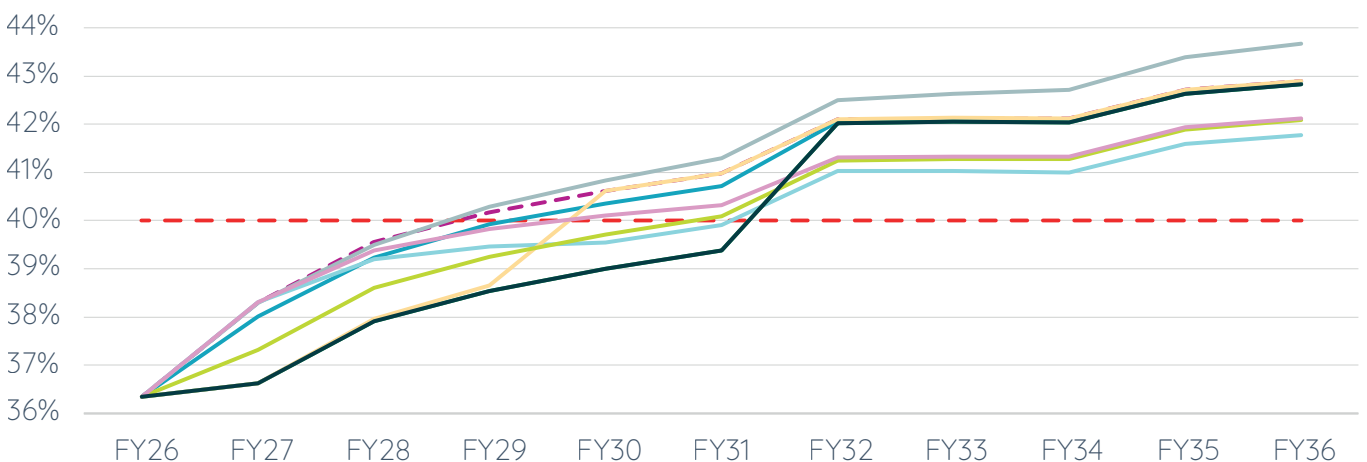


Key
- - - Minimum Level
● Increased Development View
● 7. Increase bad debts 10%
● Combination - Base, 2, 6 & 8
● Base Plan
● 4. Rent Cap
● 10. Increase taxes 1%
● Acquisition - Project Griffin
● 6. Increase Costs 10%
● 12. No Rent Convergence

Core operating margin

Under certain downside scenarios, the core operating margin may temporarily fall below 40% up to FY2031; however, it remains strong relative to the sector and sufficient to support continued investment in existing homes and the delivery of all financial obligations.

Core operating margin %



Key
- - - Minimum Level
● Increased Development View
● 7. Increase bad debts 10%
● Combination - Base, 2, 6 & 8
● Base Plan
● 4. Rent Cap
● 10. Increase taxes 1%
● Acquisition - Project Griffin
● 6. Increase Costs 10%
● 12. No Rent Convergence



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Registered number: 26751R | Registered with the Regulator of Social Housing | Registered number: LH 3887

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