

ASTER GROUP

Trading Update – 30 September 2025

12 November 2025

Aster Group issues its unaudited Group trading update for the six months ended 30 September 2025, with comparatives to the audited financial statements for the 12 months ended 31 March 2025.

Highlights:

- Despite another challenging period we've made a strong start to the year. We achieved profit before tax of £21.7m for the six months to September, £3.1m ahead of the same period last year and ahead of budget. Operating profit before impairment and pension cessation costs was £42.2m also ahead of budget and prior year.
- In the first six months of the year, investment in our stock, although below budget, reached £54.7m, ahead of the £51.9m spent in the same period last year and compares to £115.0m spent for the full year to March 2025.
- We completed 457 handovers within the first six months, exceeding delivery levels for the same point last year. We've also started on 11 sites which will deliver 310 homes.
- First tranche sales market demand is still strong but hampered by delays in development handovers and reflect lower average initial shares sold. First tranche sale income was £16.2m, £2.1m lower than this time last year and behind budget. Although average initial shares are lowering with averages at 31.2% this demonstrates the strength of this tenure in its ability to be flexible to help manage the change in the economic climate for our customers.
- Our work on asset management has performed well, with profits from our asset disposal programs at £15.5m, £6.6m ahead of this time last year.
- We've broken ground on our largest-ever land-led development to date - Bargates in Christchurch. This regeneration project will deliver 169 new homes on a previously brownfield site.
- Our community land trust (CLT) programme continues to grow at pace. We have broken ground on two CLT schemes including Transition Homes in Dartington for 39 social rent homes which will all be rated EPC A.
- We pride ourselves on offering a local, dedicated and skilled service centred around our customers' evolving and varied needs. We have delivered a major refresh to our Customer Voice governance structure, with the launch of the new Customer Voice Committee (CVC) in June. Replacing the Customer and Community Network (CCN), it empowers our customers to be closer to strategic decision-making and helps us align with the new Consumer Standards and regulatory expectations. The CVC oversees our modernisation and improvements including complaints, service reviews, and customer engagement activities.
- We continue to find ways to engage with our customers so they can codesign and shape our offer. This year we have introduced a customer census project on our digital platform, MyAster. This allows our customers to update their information for a more personalised service. Additionally, a six-month local customer panel pilot in Dorset has provided valuable feedback to inform future local engagement initiatives.

- This financial year we have already supported 807 customers (over 1,200 interactions) through our Financial Wellbeing Team. Through our work on income maximisation, we secured over £2.7m of additional income for those customers, primarily through unclaimed benefits and other sources of financial support.
- We know that repairs are a key priority for our customers, and we've made several improvements so far this year. Workshops have helped shape our future repairs model, with action plans now being implemented. We're using more sophisticated technology to manage our repairs and estate inspections; improving mobile access and centralising asset data.
- For the past 12 months Aster has taken a very proactive approach in preparation for the introduction of Awaab's Law in October 2025. Although Aster had an existing process in dealing with Damp, Mould and Condensation (DMC) incidents, it completely reviewed this against the government's new guidelines covered under Awaab's Law. As such Aster now has implemented a robust process that will track the incident from start to completion, exceeding the government's guidelines on timescales. We have also undertaken an internal audit to ensure we have in place everything required, which also gave us a positive outcome. We have created new dashboards to give us full reporting and visibility that will also be used to report back to the regulator. We have taken on a dedicated team of both internal trades operatives and back-office staff, all trained in identifying and dealing with DMC, and have further bolstered support with additional contactors. We are committed to deal with all incidents in a robust and customer centric way.
- We continue to work closely with colleagues to improve how we work. This year, we refreshed The Aster Way to further define our inclusive and engaging culture – one where people can thrive – aligned with the Chartered Institute of Housing's Code of Conduct, our evolving expectations, and the professional standards we all adhere to. We've launched a new Culture Handbook that brings together our story, strategy, The Aster Way, and The Aster Offer in one accessible resource. Our commitment to diversity and inclusion is reflected in the launch of EnAble, a magazine led by our Disability Confident network. We've also completed a colleague census to strengthen our people data, enabling better decisions and a more inclusive workplace. We're advancing our workforce planning to ensure we have the right skills and capacity for today and the future, seizing opportunities and mitigating risks as our business and sector evolve. Our leadership development programme now includes a new initiative for the Executive Board and Senior Leadership Team, focused on self-reflection, accountability, and neuroscience-informed practice.
- We've continued our work towards the development, consultation and publication of our new Corporate Sustainability Strategy. Further to the success of our Warm Homes: Social Housing Funding bids, we've started a three-year retrofit programme, which will upgrade hundreds of homes across our portfolio. This is supplemented by our planned maintenance programme and other ongoing projects which are seeing us make sure our homes retain their heat and be comfortable for our customers and replace legacy systems with more modern solutions. We're also replacing 94 vehicles with lower emission models, at least 15 of which will be electric vehicles – all part of our transition to a low and zero emission fleet.
- Enham Trust continues to support disabled people to live, work and enjoy life, as independently as possible. This year we have been progressing our long-term

ambition to create a vibrant and integrated community that is inspiring and inclusive including plans to upgrade key buildings in the village. So far this year we have invested £2.9m as part of our plan to stabilise the charity and secure its long-term future. Through external funding and volunteer support we've created a community orchard, walled garden, and sensory garden as a welcoming space for village residents. This initiative reconnects Enham Trust with the local community, offering an accessible environment that encourages self-help groups to maintain and enjoy the space together.

- Our 3rd party logistics at Enham (3PL) is a social enterprise, providing supported employment to people with physical, learning and mental disabilities. We provide services such as picking, packing and storage to a number of well-known brands and have managed to grow our supported employment team by a further twelve people so far this year. Our Choices Activity programme continues to deliver the charity's mission by delivering a large and diverse range of accessible and inclusive activity sessions. Demand for Choices is consistently oversubscribed so we aspire to grow so we can enable more disabled people the chance to participate. Plans are also in development to grow our gardening and green spaces work, to again increase the number of opportunities for supported employees.
- So far this year, the Aster Foundation has raised £126,000 and supported over 1,800 people across the three most significant causes and consequences of poverty:
 - 920 have been supported with their mental health and wellness;
 - 82 have been supported to move into work; and
 - 807 have been supported with financial wellbeing and inclusivity.

Financial and operating performance

Unaudited profit before tax for the six months ended 30 September 2025 was £21.7m. Housing properties (net of depreciation) have increased to £2,621m from £2,541m at 31 March 2025.

Consolidated Statement of Comprehensive Income (£000)	Six months to 30 September 2025 (unaudited)	Six months to 30 September 2024 (unaudited)	12 months to 31 March 2025 (audited) *
Turnover	163,685	158,586	329,852
Operating costs	(136,992)	(130,123)	(276,732)
Surplus on sale of housing property, plant and equipment	15,503	8,885	26,056
Increase in fair value of investment properties	-	-	1,502
Operating profit before impairment and pension cessation	42,196	37,348	80,678
Reversal/(Impairment) of housing assets and financial assets	15	(38)	(4,332)
LGPS cessation - charge	-	-	(29,045)
Operating profit	42,211	37,310	47,301
(Loss) on disposal of other property, plant, equipment	-	-	(90)
Donations received	-	-	455
Share of (loss) in joint ventures	(962)	(1,305)	(365)
Net finance expense	(19,589)	(17,397)	(35,589)
Profit before tax for the period	21,660	18,608	11,712
Other comprehensive income (OCI) for the period:			
LGPS cessation – actuarial gains	-	-	28,632
Effective cash flow hedge (loss)/gain	(367)	2	1,724
Total comprehensive income for the period (before tax and other OCI)	21,293	18,610	42,068
Financial indicators	Statutory	Statutory	Statutory/Underlying
Operating margin (excluding surplus on sale of housing property, plant and equipment) ¹	16.3%	17.9%	6.9%/15.3%
Social housing operating margin ²	21.3%	22.8%	21.5%
EBITDA MRI interest cover ³	143.8%	152.1%	69.0%/126.8%
Gearing ⁴	49.3%	53.0%	52.1%

* During the twelve months to 31 March 2025 there were two exceptional items included within the statutory results, as reported:

- i) Closure of the Group's four Local Government Pension Schemes, which resulted in a cessation charge included in operating profit of £29.0m and a cessation actuarial gain of £27.0m included in other comprehensive income, giving an overall net comprehensive expense of £2.0m; and
- ii) Recognition of additional costs due to an underestimation of the total full-life cost projections to complete, and impairment of financial asset (£1.6m) in Boorley Green LLP, our joint venture development with Vistry.

Underlying results shown are prior to the above two exceptional items. Further details can be found in the Annual Report for the year ended 31 March 2025.

The Group's revenue continues to focus on low-risk affordable housing with the majority of rent increases from 1 April 2025 at 2.7% in line with the rent standard. Rent arrears continue to be tightly managed and remained strong at 1.6% (March 2025: 1.7%) against a target of 2.5% of associated revenue. Void losses for the Group were at 1.3% for the period, compared to the target of 1.5%.

During the period we have seen an overall spend on investment in stock of £54.7m, which despite being significantly up on the same period last year, is £5.3m underspent when compared to budget, reflecting the Group's commitment to providing additional investment in our housing stock. The shortfall to budget for the first six months of the year is due to a combination of demand for response repairs, including Damp, Mould and Condensation being lower than expected, as well as the delivery of the planned works programme being slightly behind, but which is expected to catch up during the remainder of the financial year. The Group continues to enact a programme of savings and efficiencies which is expected to deliver savings of at least £2.5m in the year, on top of the £3.6m annualised savings achieved last year. The Group's operating margin for the six-month period to 30 September 2025 was 16.3%, ahead of full year results last year, and social housing operating margin was 21.3%, in line with last year.

Sales of shared ownership homes and open market sales homes (predominantly delivered through joint ventures) totalled 193 units for the six months ended 30 September 2025, two fewer than the same period last year (12 months to March 2025: 497 units). We continue to see strong demand for shared ownership properties, however sales for the six-month period continue to be slower, with timing of development handovers hampering the number of units available to sell and initial first tranche sales at a lower average share, as seen in the prior year, due to the challenges of buyer affordability. For the six-month period we achieved first tranche sales of £16.2m (159 properties) at an average sales percentage of 31.2%. The average reservation rate for the six-month period is 36 properties per month and average sales time for such properties was 12.7 weeks from property handover to completion, against a target of 26 weeks. As at 30 September 2025 the Group had 112 completed shared ownership homes available for sale (March 2025: 117), of which 75 were reserved (March 2025: 52) and 19 were older than 26 weeks (March 2025: 26).

Our work on managing and divesting our inefficient, difficult to manage stock continued at pace, our void disposal and other asset sale programs with a strong performance in the six-month period with profits of £15.6m compared to £8.9m for the same period last year and £26.1m in the prior twelve-month period.

Debt and liquidity

Net debt during the period has increased to £1,345m from £1,300m at 31 March 2025, funding our development programme. Liquidity at 30 September 2025 was £354m and increased by a further £100m subsequent to the period end (31 March 2025: £420m), consisting at September 2025 of committed and available undrawn facilities of £128m and cash and cash equivalents of £36m, plus £190m of retained bonds.

Development

We made a strong start to the year completing 457 homes, comprising of 423 affordable homes, surpassing delivery levels at the same point last year, and 34 homes developed with our joint venture partner. We have a strong pipeline of schemes and have been successful in securing both land and developer led opportunities and community-led developments (CLTs), adding to our contracted pipeline of 2,636 homes.

Programme growth remains static due to factors such as inflation, interest rates, greater investment in our existing stock, performance of joint venture arrangements and a trend of lower tranche sales being achieved from our shared ownership sales. This financial year, our land led programme will 'start on site' on 12 schemes, delivering 702 affordable homes. Since April, our land team has successfully entered contract on three schemes, adding 102 homes to the programme, with two more schemes (77 homes) expected to follow shortly. Additionally, since April we have secured planning for a further 252 homes.

Our CLT programme continues to expand, with another scheme contracted in Q2. We forecast 102 CLT homes to start on site this year, including our largest CLT scheme to date with 40 homes. Through our Section 106 programme, we maintain strong partnerships with national and regional housebuilders, prioritising quality delivery. Notably, we're continuing to expand our London programme with handovers at one of our first London schemes.

Our Homes England Strategic Partnership is progressing well, with all homes on track to start on site within agreed timelines. We've successfully secured top-up funding, increasing the Strategic Partnership to 1,702 homes. All schemes are identified, and this funding supports our land and CLT delivery whilst we await the new Social and Affordable Homes Programme prospectus.

Board and executive team changes

Aster Group Ltd: The members of the Executive Board are unchanged and are Bjorn Howard, Chris Benn, Rachel Credidio, Dawn Fowler-Stevens, Emma O'Shea and Amanda Williams.

The Board, due to the expiry of tenures, with several members reaching the maximum permitted term of nine years, underwent the following Non-Executive Director changes:

- **7 September 2025** – Clive Barnett stepped down from the Board
- **1 October 2025** – Tracey Peters stepped down from the Board
- **7 November 2025** – Caroline Wehrle stepped down from the Board

We extend our sincere thanks to Clive, Tracey, and Caroline for their outstanding contributions and dedicated service to Aster throughout their terms.

The following Non-Executive Director appointments were subsequently made:

- **8 September 2025** – Richard Hughes
- **1 October 2025** – Nicola Frayne
- **8 November 2025** – Mat Cooling

Aster Treasury plc: There were no changes to the membership of the Board.

Aster Group credit rating and governance

Aster Group Limited is rated A (Stable outlook) by Standard and Poor's (December 2024) and G1/V1 by the Regulator of Social Housing (November 2024).

Notes:

¹ Demonstrates the profitability of operating assets before exceptional expenses. Defined as operating profit, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.

² Demonstrates the profitability of social housing operating assets before exceptional expenses. Defined as operating profit derived from social housing activities, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.

³ Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity. EBITDA MRI is Earning before interest, tax, depreciation, amortisation, excluding profit on disposal of property, plant and equipment, but including the cost of capitalised major repairs (major repairs included). Interest includes the group's interest payable plus interest capitalised during the year but excluding interest on the net pension liabilities.

⁴ Calculated as net debt (loans less cash) as a proportion of social housing assets. Shows how much of the social housing assets are made up of debt, and the degree of dependence on debt finance. It also sets out the potential capacity for further borrowing which can be used to fund the future development of new housing.

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<https://www.aster.co.uk/corporate/about-us/investor-relations>

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