FORTIS LIVING
HALF YEAR UPDATE – MARCH 2018

OUR VISION
BETTER HOMES BETTER LIVES

OUR MISSION
BUILDING a BETTER FUTURE by INVESTING in HOMES, PEOPLE & COMMUNITIES

OUR VALUES
INNOVATIVE
INSPIRATIONAL
Responsible
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This report contains an unaudited half year trading update for the Fortis Living Group.

Where applicable, figures shown are calculated on a consistent basis with the Statutory Accounts and accounting policies therein.

The report is split into the following areas:

- Operating Highlights
- Statement of Financial Position
- Funding and Treasury
- Development

Operating Highlights

	6 Months to	
	Sep-17	Mar-18
Turnover	**£m**	**£m**
All Activities	50.2	51.1
Social Housing Lettings	39.3	40.2
Operating Margin		
All Activities	44.4%	43.3%
Social Housing Lettings	53.2%	48.9%
Net Margin		
All Activities	36.0%	34.0%

Occupancy, Arrears and Customer Satisfaction		
Occupancy (%)	98.7%	99.4%
Arrears (£'m)	2.8	2.0
Arrears (%)	3.6%	2.6%
Customer Satisfaction	82.7%	83.5%

- Turnover grew in the period in line with additional units developed both for rent and shared ownership sale as shown below
- Margins remain amongst the best in the sector and above business plan targets. The reduction in comparison to September 2017 is as a result of timings, with year end adjustments affecting the figures
- The Group has performed well in the areas of occupancy, arrears and customer satisfaction, which remain consistent to the previous period

Statement of Financial Position

	Sep-17 £m	Mar-18 £m
Fixed Assets		
Housing Properties	789.0	833.8
Other Fixed Assets	42.8	41.6
Net Current Assets	26.0	9.5
Long Term Liabilities		
Long Term Financing	282.2	289.7
Other Long Term Creditors	55.7	54.6
Total Net Assets	**519.9**	**540.6**
Reserves		
Income and Expenditure Reserve	297.7	318.8
Revaluation Reserve	222.2	221.8
Total Reserves	**519.9**	**540.6**

- Housing properties have increased in line with development completions below
- Development expenditures have been funded in part through debt and cash balances, resulting in an increase to debt and a reduction in net current assets

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Funding and Treasury

	Sep-17	Mar-18
Funding	**£m**	**£m**
Bank	192.0	201.0
Bond	83.2	83.0
Total Borrowings*	**275.2**	**284.0**
Key Treasury Indicators		
Cash and Available Facilities	99.9	124.0
Value of Uncharged Property	325.6	275.9
Weighted Average Cost of Borrowing	4.0%	3.9%
Financial Covenants		
EBITDA MRI Interest Cover	4.3	3.7
Debt per Unit (£'000)	18.4	18.5
Regulatory Judgements		
Governance and Viability Rating	G1/V1	G1/V1

- Borrowings exclude non-repayable premium and other non-cash adjustments included in the Statement of Financial Position. Borrowings have increased in the period due to development expenditures shown below
- The Group's liquidity policy is to maintain cash and available facilities sufficient to cover 18 months of committed cash flows. Liquidity increased in the period due to the completion of a new £50m revolving credit facility with Lloyds Bank Plc, which also explains the reduction in uncharged property
- Interest cover has reduced in the period due to major repairs, which increased over the year but remained within budget
- Financial loan covenants retain significant headroom to thresholds of 1.1 (interest cover) and £32,500 (debt per unit)

Development

	6 months to	
Unit Completions	**Sep-17**	**Mar-18**
Social Rent	164	222
Affordable Rent	106	103
Shared Ownership	72	66
Total Units Completed	342	391
Development Cost	**£m**	**£m**
Development Expenditure	38.2	48.0
Grant Income	0.8	4.0
Sales	**£m**	**£m**
Income	5.3	5.0
Surplus	1.7	1.6
Margin (%)	31.8%	32.6%
Units	70	66
Properties Unsold	29	31
Of Which > 6 Months Old	-	-

- Development completions of 391 in the period give a full year total of 733, which is in excess of the business plan target
- The development pipeline remains strong, with a similar level of development expected for the next financial year
- Demand for shared ownership remains high, as demonstrated by margins in excess of 30% and no properties unsold after 6 months

Further Enquiries & Disclaimer

For further information and enquiries, please contact:

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