



# **Aequus Group**

## **Performance Reports as at**

### **March 2025**



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## AEQUUS PERFORMANCE PACK - MARCH 2025 - KEY ISSUES



This performance pack shows our performance reporting in-line with the recently approved Business Plan 2024 to 2030. All information flows from a single reporting process which ensure information presented across all Company and Partners meetings is consistent in presentation and content. The data is updated Monthly and this report covers the period to 28th February 2025, to be presented to the Company Board in March 2025.

### COMPANY PERFORMANCE

- Good progress is being made with sites in delivery.
- Positive discussions held with a range of potential public sector partners and sympathetic land owners.
- EPC A being progressed on all B&NES Sites.
- B&NES £1M financial return on-track for 2024/25 subject to status of future years pipeline.
- Potential to be on site for 7 sites by March 2027 - pipeline prolongation remains a key challenge.

### OPERATIONAL PERFORMANCE

The operational performance highlights are:

- Pipeline remains strong with over 1,000 units with 575 of these are at Probable Stages.
- There is prolongation of pipeline sites with viability and approval processes proving challenging.
- Alternative land transfer approach being discussed with B&NES to facilitate progress of BQS & Stall Street
- Bath Quays North progressing well and planning application submitted - SoS targeting Q1 2026/27

### RISK REGISTER























The most significant risks currently identified are:

- Prolongation of pipeline sites with viability and approval processes proving particularly challenging.
- Failure of key contractors suppliers as a resulting of challenging economic circumstances.
- Impact of rising prizes of construction materials and labour costs on future viability.

A range of actions and mitigations are set out in the attached risk register.

### FINANCE

- The 2024/25 Out-Turn for ACL reflects the pipeline slippage impact on revenue but profitability remains very positive.
- The 2024/25 Out-Turn for ADL reflects impact of stubbornly high interest rates and the LAHF programme.
- Company cashflow remains positive although timely pipeline progression is key to longer term sustainability for ACL.
- B&NES £1M financial return on-track for 2024/25 - future years are subject to pipeline.

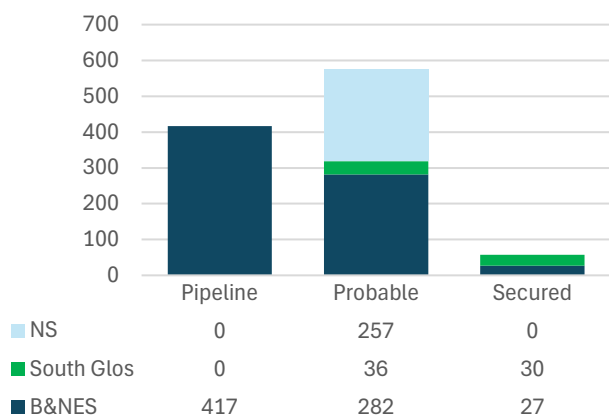
Short Term Objective 2024/25 to 2026/27		RAG	OUTLOOK	Progress Narrative
1	We will use our expertise to support our public sector partners to unlock land for housing delivery.			Good progress has been made with our existing Council Partners and a pipeline of sites is progressing well. Homes England, WECA and NHS Property discussions have been positive, and first site acquisition from NHS is in progress.
2	We will provide fair land values recognising our social value outcomes.			We are working with relevant land owning partners to determine site outputs required and balance between land value and site objectives. All land values will be Sct 123 compliant with independent valuation. Viability remains challenging.
3	We will develop the right mix of homes – the right home in the right place.			The housing mix we propose is based on local housing need advice from LA Housing Teams, together with local agent advice. All current and future schemes are based on this continued approach.
4	Our developments will be tenure blind with the same build quality applied to affordable and market homes.			Manor Gardens is complete and delivered with a tenure blind approach. Argyle Works and Danes Lane are 100% affordable schemes. Future developments are planned on a tenure blind basis.
5	Our new developments will be built to achieve EPC A energy efficiency ratings.			Manor Gardens, Argyle Works and Danes Lane are all set to achieve EPC A rating. All future B&NES schemes being developed to achieve EPC A as minimum unless otherwise specified by the relevant partner. Government has announced a review of EPC rating which will need to be considered.
6	We will deliver policy compliant affordable housing on all developments as a minimum.			All schemes to date have met this objectives. Currently 100% affordable schemes in delivery at Argyle Works and Danes Lane. Future schemes are being planned to meet this requirement as a minimum.
7	We will seek to provide options for “local residents” to have a first opportunity to buy our homes.			Currently no new market schemes in/nearing delivery. This approach is being factored in for future projects including a Key Worker option for BQN.
8	We will not land-bank sites.			Sites and Manor Gardens, Argyle Works and Danes Lane progressed immediately. Future project plans do not provide for land banking.
9	We will recognise the support of our partners in all comms and marketing for developments.			B&NES and SGC engaged with press releases and social media posts for all related comms. Will seek to expand comms and marketing as the range of sites and partners increases.
10	We will provide at least £1M of financial returns annually to support front line services.			2024/25 financial return secure - future years subject to pipeline, which if achieved will deliver to target.
11	By year ending 2027 we will be delivering on 9 sites.			Currently delivering on 2 sites (Argyle Works and Danes Lane) with 2 more pending (Milsom Street and Cotterill Court). Potential to achieve 7/8 sites based on current programme. Working to identify additional opportunities.

# Monthly Pipeline Status Report

## Project Category Status Analysis

Date: Feb-25

Aequus Contract Status



Category	Current		Previous		Variance	
	Total	%	Total	%	Total	%
Secure	57	5.4	57	5.4	0	0.0
Probable	575	54.8	569	54.3	6	0.5
Pipeline	417	39.8	422	40.3	-5	-0.5
<b>Total</b>	<b>1049</b>		<b>1048</b>		<b>1</b>	

In the period the only changes are Cotterell Court obtaining planning (5 unit) and Stall St (6 units) moving to Probable.

**Neither scheme have received an instruction**

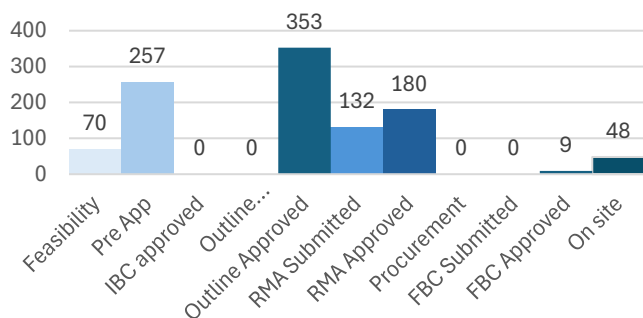
Milsom Street has now been fully instructed

The NHS Heath Centre opportunity is progressing although this may now be delayed due to the bird nesting season

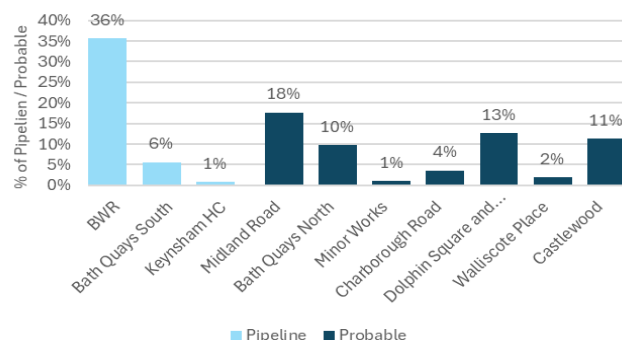
NSC projects progressing well and we are hopeful to receive stage 2 instructions on all 3 schemes (270 units).

## Project Development Analysis

Aequus Pipeline Status



Pipeline & Probable Project % (by Units)



## Key Dependencies Update

Project	Partner	Requirement	Current status	RAG
Bath Quays North	B&NES	Planning & FBC sign off Q4 2025 with SoS Q2 2026	Planning application submitted	Green
Midland Road	B&NES	FBC sign off Q3 2025 enabling demolition & SoS Q3 2026	Pre-app submitted for s73 application. Updated viability shared with B&NES.	Yellow
Milsom Street	B&NES	FBC Q4 2024 with SoS Q2 2025	Fully instructed, contractor appointment expected within the next month.	Green
Stall Street	B&NES	Approval to proceed enabling sale units to complete 2026/27	We are exploring alternative options (sale and overage) to progress the site and fund planning.	Red
Charborough Road	SG	Planning consent Q1 2025 allowing FBC to be delivered & SoS Q4 2025	Planning decision has been delayed further and we are now elevating our concerns within SGC.	Red
Dolphin Square	NS	Commitment to expenditure of funding enabling works in 2025/26	Awaiting Stage 2 instruction which is now expected in April 25. Plan for end users in place.	Red
Bath Quays South	B&NES	Planning application to be submitted March 26 for SOS Q2 2027	High level viability submitted Nov 24. As Stall St looking at alternative routes to progress scheme and fund the planning activity.	NEW

# Aequus Group Risk Register - March 2025



No	Risk Description	Risk Owner	Risk Score Likelihood x Impact	Direction of Travel	Strategy to Manage Risk	Current Status of Actions RAG	Commentary on Current Status of Action Plans
1	There is a risk that rising prices of construction materials and contractor pricing will lead to cost overspends on existing projects.	Operations Director / Board	9	↑	Treat	On Target	All contracts are tendered and where possible they are secured on a fixed price basis. Where this is not possible, prudent provisions will be included within business cases for appropriate inflationary pressures. Construction cost inflationary pressures have stabilised although recent upturns in UK inflation and changes arising in the Budget from April 2025 may feed through to contractor pricing.
2	There is a risk that the rental properties are not appealing to the market and remain vacant for long periods giving rise to a high level of voids.	Managing Director	6	=	Treat	On Target	Expert advice from local agents and relevant professionals is sought to factor in market demand and requirements. Current void levels continue to remain very low (just 2.7% currently) with strong demand reported from our Rental Agent. Rental values are being regularly reviewed in light of inflation although these will be considered against the market rate.
3	There is a risk that interest rates could rise having a knock on impact on loan rates from the Council(s) impacting on viability and development returns and , on the asset backed loans supporting the ADL portfolio.	Managing Director	8	↓	Tolerate	Monitor	Interest rates have reached their peak although market rates are not falling as quickly as expected due to wider economic concerns. Loan agreements are in place with the Council for each development and the market view on interest rates is regularly reviewed. Sensitivity is considered within all business cases. Fixed rates will be incorporated for future development Business Cases where possible. The ADL portfolio is regularly modelled although there is currently a lag in rate reductions feeding through.
4	There is a risk that the Aequus does not have the capacity or skills to deliver the current or future projects in accordance with the approved Business Plan.	Managing Director / Remuneration Committee	6	=	Treat	On Target	The new Business Plan provides scope to resource accordingly for a growing company with key roles included in the structure as new projects are secured and we are undertaking Resource Management Planning which overlays our pipeline forecast. The improved PDR monthly reporting will also help ensure we have identified training and development needs for existing staff.
5	There is risk that there could be a change in the national and/or local housing market that negatively impacts on housing sales.	Operations Director / Board	6	↓	Tolerate	On Target	With no market sales likely until 2026/27 the impact is currently limited. Business cases do include a prudent view on pricing based on information on local market conditions and outlook from agents / advisors. Quality, space standards and low energy performance will also provide a differentiator for ACL properties.
6	There is a risk of negative publicity arising from the rental or development activities of the company.	Aequus Board	6	=	Treat	On Target	There has been positive comms and publicity supporting the Company and its proven track record of delivery including BQN, Arqyle Works, Danes Lane and Cotterill Court. Winner at Bath Property Awards and positive feedback from presentation of Riverside View to Core Cities. Constructive lessons learned exercise with SGC undertaken on Manor Gardens including local parking issues.
7	There is a risk that issues emerge on a site by site basis, which could include planning, contamination, archaeology, services etc. which would impact on the viability of future development pipeline.	Operations Director	8	=	Treat	On Target	Significant upfront design and planning work for each development takes place prior to the approval of the business case in line with the agreed three-stage process. The diverse pipeline ensures dependence on individual sites and timescales is not as critical to the sustainability of the business. Monthly directors review meetings includes oversight of site specific risks.
8	There is a risk that changes in future Government Policy in respect of Housing, Property Rentals Assets or Local Authority Companies could impact on the delivery and viability of the company.	Shareholder /Board	8	=	Treat	Monitor	Regular monitoring / horizon scanning is undertaken of government announcements, policy proposals and caselaw. The legal structure of the company limits the currently foreseeable risk. We are monitoring changes arising from recent senior government policy proposals including the Rental Reform Bill and the new NPPF including housing targets. The latter seeks the delivery of more housing.
9	There is a risk that a significant Health and Safety issue arises on a site.	Operations Director	8	=	Treat	On Target	Health and safety is closely monitored and reviewed regularly on each site, including independent health and safety inspections. All project managers and the Operations Director have undertaken relevant Health and Safety training which is kept up to date. Where appropriate all contractors are required to comply with and report on health and safety matters. Appropriate insurances are also maintained for employers and public liability. The recent Internal Audit Review provided further assurance.

10	There is a risk that delays with progressing the approval of pipeline sites for delivery could impact on the ability of the Company to meet the Shareholder objectives and potential impact on the sustainability of the Company.	Shareholder /Board	15		Treat	Action Required	The Business Plan confirms the pipeline of site from B&NES which together with the pipeline sites from South Glos and North Somerset provides a diversified future pipeline to sustain the company. However the majority of this is not yet secured with a range of planning, viability/funding and governance decisions required to convert this pipeline to projects in delivery. Work will focus as a priority on securing key sites. The new reporting dashboards provide for monthly monitoring of the progression of the pipeline and relevant Board reporting. We are also seeking to diversify the pipeline with other public sector partners and site acquisitions.
11	There is a risk that a change in the B&NES Administration / Shareholder may impact on the Company's objectives.	Shareholder /Board	6		Tolerate	On Target	The Business Plan sets out the company objectives over the short, medium and long term and will be monitored by the Shareholder. The Shareholder and administration is committed to a new council housing programme. B&NES also have lead councillor in place for Aequus matters with monthly meeting with the Chair and MD.
12	There is a risk that our relationships with our local authority and public sector partners do not progress a planned	Managing Director	8		Treat	Monitor	Regular governance and reporting meetings are in place with existing LA partners together with shadow Board representation. New partnership discussions progressing particularly with NHS Property. Aequus will need to be able to flex it's objectives to respond to changing priorities of partners and this is covered in the updated Business Plan.
13	There is a risk that delivery of homes to increased low energy standards becomes unaffordable and impacts future site viability.	Operations Director	6		Tolerate	On Target	The Business Plan commits Aequus to deliver EPC A rated new homes and this will be factored in to all project business cases. We will look at future requirements above this level but this will require a balance between land value and site outputs.
14	There is a risk that Landlord Compliance issues arise which impact on costs, voids and reputation for ADL	Managing Director	8		Treat	On Target	A Landlord compliance dashboard is now in place and reported regularly to the full Board and copied to A&R Committee. We are monitoring impact of Rental Reform Bill and believe as a good landlord we are already meeting the requirements.
15	There is a risk that Government changes to the Capital Finance Regulations for the councils Minimum Revenue Provision (MRP) on company loans will limit the availability of council loan funding.	Managing Director	8		Treat	Monitor	All Councils providing capital loans after the 8th May 2024 to will be required to make appropriate Minimum Revenue Provision (MRP) to reflect the risk of borrowing and the potential expected credit lost (ECL). We will work with our Council Partners to understand their MRP requirements and whether this could impact their ability to provide loans in the future. At present no specific issues have been raised by our partner councils impacting loan arrangements.
16	There is a risk that key contractors or service providers will fail financially impacting site delivery and company operations.	Board/ Managing Director	10		Treat	New / Further Action Required	Financial vetting of contractors is undertaken as part of the procurement process. Given the increasing risk, we will be exploring the use of bonds and guarantees for new contracts, together with regular financial monitoring of our key contractors. We will produce a monthly monitoring report and we will also produce disaster recovery plans for relevant key projects and services in the event of contractor failure. Timescale TBC - will be during 2025.
17	There is a risk that Aequus customers are dissatisfied with our New Homes or Rental Properties impacting on the brand.	Board/ Operations Director	8		Treat	New / Further Action Required	As the business delivers in line with the new Business Plan, the experience and satisfaction of our customers of new sale and rental properties will be key to maintaining the high standards we seek to deliver. We have signed up to the NHQB code for new sales and aspire to be a good landlord for our rental tenants. We will need to develop a range of customer KPI's and gain regular feedback from customers in terms of satisfaction and quality. This will include regular Board reporting as part of our relevant operational updates. Timescale TBC - during 2025/26



## Aequus Profit and Loss

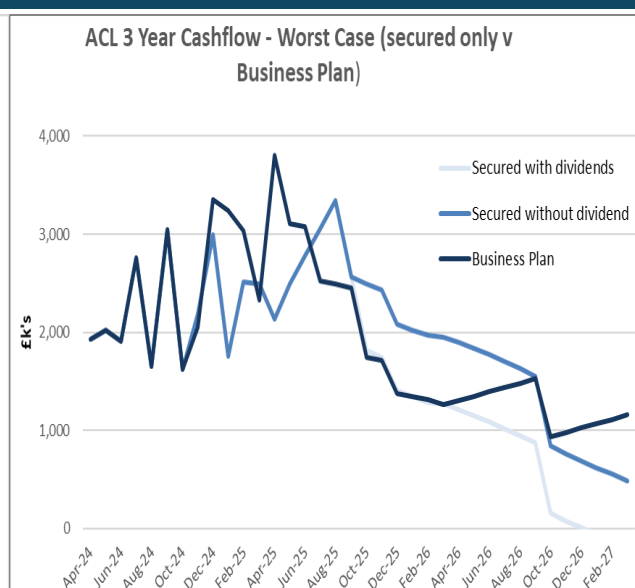
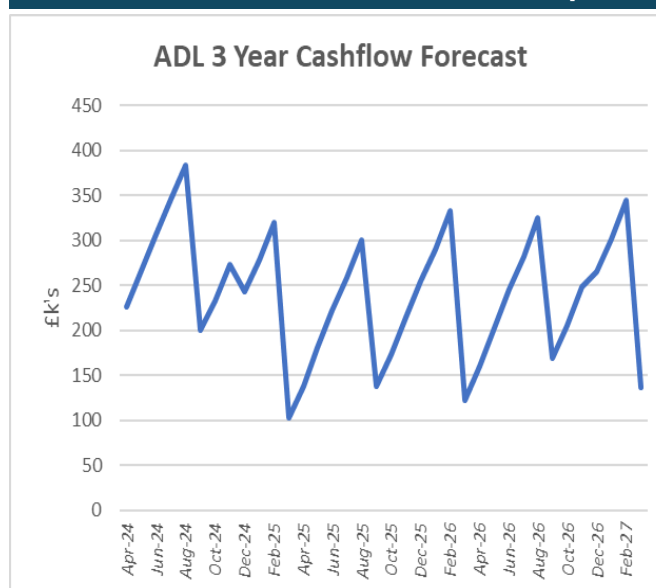
ADI	Forecast	Budget	Variance
<b>Revenue</b>			
Rental Income	657	738	-81
Rechareable Income	994	1,076	-82
<b>Revenue Total</b>	<b>1,651</b>	<b>1,814</b>	<b>- 163</b>
<b>Cost of Sales</b>			
Property Costs	171	233	62
Property Interest	319	423	104
<b>Gross Margin</b>	<b>1,161</b>	<b>1,158</b>	<b>3</b>
<b>ADL Overhead</b>	<b>1,125</b>	<b>1,150</b>	<b>25</b>
<b>Net Margin</b>	<b>36</b>	<b>8</b>	<b>28</b>

ADL profit outturn forecast for 24/25 of £36k, with turnover expected to reach £1.65m. Interest costs are ADL's key cost driver. During the year ADL's property asset value increased by £1.5m to £11.7m as at the end of February.

ACL	Forecast	Budget	Variance
<b>Revenue</b>			
Affordable Services	2,699	2,869	-170
Mixed tenure	8,662	13,824	- 5,162
<b>Revenue Total</b>	<b>11,361</b>	<b>16,693</b>	<b>- 5,332</b>
<b>Gross Margin</b>			
Affordable Services	164	175	-11
Mixed tenure	1,597	1,703	-106
<b>Gross Margin Total</b>	<b>1,761</b>	<b>1,878</b>	<b>- 117</b>
<b>ACL Overhead</b>	<b>643</b>	<b>608</b>	<b>35</b>
<b>Net Margin</b>	<b>1,118</b>	<b>1,270</b>	<b>- 152</b>

ACL profit outturn forecast for 24/25 of £1.1m. Although mixed tenure revenue is adverse to budget of £5.1m (£3m Midland Road and £2.1m Manor Gardens) the improved gross margin (up 6.1%) has mitigated the impact at the net margin line with a variance of £152k.

## Aequus Cash Flows



## Returns to B&NES

Revenue Total	Forecast	Budget	Variance
Interest from ADL	319	423	-104
Dividend	681	577	104
<b>Total</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>

## Aequus Key Risks

ADL Risk
The greatest risk within ADL is an increase in the cost of borrowing and we are looking to mitigate this by agreeing a fixed rate.

ACL Risk
Conversion of pipeline projects into delivery is the highest risk with ACL. Project management and monitoring enables us to more accurately forecast and control projects through the development stages. Timely instructions from our partners is essential to meet the forecast.