

OCTAVIA



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INVESTMENT STRATEGY 2026



## Foreword: optimise and grow

Abri's first-ever Investment Strategy marks an important milestone. As a key enabler, it sits at the heart of our new five-year corporate strategy (2026 – 2031), setting out how we'll deliver on our ambition to provide more high quality affordable homes. This strategy is about three things:

- Making sure every Abri home and community meets – or exceeds – a clear, customer-led standard.
- Building more new affordable homes and increasing our capacity to do so well into the future.
- Remaining financially strong, resilient and ready to lead.

We're entering this period with both the confidence and appetite to invest record amounts in our existing homes and to make an increased contribution to the supply of new homes. Confidence because we're building on solid foundations: while we know that we have more to do, most of our homes are in a good condition; we've established strong programmes for upgrades and replacements; energy efficiency is improving year-on-year, and our stock condition data is getting better all the time. Appetite, because we know we can – and must – do more.

Our customers have told us clearly what matters most about their homes: safety, affordability and quality. This strategy reflects those priorities, recognising that we have more to do in terms of how customers feel about their homes and their wider surroundings. It is also why building safety, in particular across our London homes, will remain a priority focus in the early years of this strategy. Where a home cannot viably meet our standards – or those of our customers – we'll be prepared to make the right decisions on regeneration or disposal.

But this isn't just about improving what we already have. Today we face a once-in-a-generation opportunity – and responsibility – to step up and deliver more new homes. The housing crisis is deepening. Demand is rising. And for the first time in decades, there is meaningful political will and support to reverse the decline in the supply of affordable homes.

Our ambition is bold. Over the next ten years, we want to build 20,000 new homes by 2036. Achieving this will require fresh thinking: new funding models, new delivery approaches and new partnerships. It will mean taking a disciplined approach to both risk and opportunity – led by our Group Board.

Throughout all of this, financial health remains an absolute priority. Growth and investment must go hand in hand with stability. Abri's strength as an organisation is what allows us to invest in our existing homes, build new ones and stay resilient in the face of future challenges.

Our strategy is clear: Abri is here to lead - to deliver safer, better quality, more affordable homes for our customers today and for future generations to come.



**Rose Bean**  
Chief Property Officer

## 1. Defining a new standard for Abri Homes

Building on a solid foundation of strong existing stock quality, we'll go further than ever before in this strategy to shape a Home & Place Standard which reflects customer experience, safety and environmental priorities. Customers have told us that communal areas and estate upkeep are core to the way they experience their homes and communities. We will invest in these areas alongside safety, decency and energy upgrades early in the strategy and maintain this standard over the life of our customers' homes.

### What's the condition of our current stock and how is it performing?

Thanks to a well-established programme of investment in stock condition and energy efficiency, the quality of our homes continues to improve. Today, more than four out of five Abri homes meet EPC C or above.

This represents tangible progress towards achieving our net-zero goals and meeting future minimum energy efficiency standards (MEES). For a variety of reasons, including rising investment needs, we have earmarked a small percentage of our underperforming assets (those with a lower-than-average NPV) for disposals over the next five years, including homes that will not meet Abri's or our customers' expectations. We will achieve this by careful selection of void sales and reinvest the proceeds into both building new homes and improving our existing stock.

### Our stock in numbers:

**More than 4 out of 5 homes are currently EPC C or above**

**More than 4 out of 5 of stock has received a condition survey within the past five years**

**£44k average Net Present Value (NPV) per home**

**£49k average investment per home over a 30-year period**

**£563m retained equity in shared ownership properties (56% retained equity)**

### Where do we need to invest right now?

In the first year of this strategy, we will define a new Abri Home & Place Standard. To inform our thinking, we've analysed our complaints data, reviewed more than 2,000 customer responses to a consultation on our new corporate strategy, and held workshops with colleagues. This has updated and refreshed our understanding of what matters most to our customers in terms of their homes, services and community, and where we need to improve. We will continue to engage customers to refine and evolve our new home and place standard throughout the first year of this strategy.



## What did the research tell us so far?

Our consultation has highlighted a clear and consistent message: customers want safe, affordable, quality homes, backed up by reliable and responsive services. Their top priorities are:

- Reliable and responsive services that provide timely repairs, well-maintained communal spaces, backed up by good communication and the ability to get things done online.
- Homes that are safe, affordable and sustainable, designed to support health and wellbeing through energy efficiency and long-term durability, and with communal spaces that engender pride in the overall environment.
- Communities that enable connection and opportunity, offering welcoming spaces to gather, targeted support for wellbeing and community projects, and help with food poverty and the general cost of living.



We have incorporated the costs of the key areas identified in the Decent Homes Standard 2 consultation in our financial plan and continue to progress major building safety remediation projects within our London stock.

## Over the five years of this strategy, we will:

- continue to listen to the views of customers and refine and evolve the Abri Home & Place Standard
- prioritise investment on the things that matter most to the people who live in our homes: quality, affordability and safety
- invest approximately £250m on component replacements, sharing our programme with our customers in advance so they know when improvements are coming
- invest more than £70m on energy efficiency (EPC C) works, inclusive of grant funding
- invest £85m enhancing building safety, inclusive of government grant
- invest more than £40m accelerating communal/estate improvements, enhancing our customers' sense of pride in place.

## Other stock considerations

Based on our customer research, we have refreshed our understanding of the financial performance of our stock and considered the implications for disposals and regeneration. The key impacts for the next five years of this strategy are as follows:

- Appetite and scale of disposals: Disposals will continue to play a major role in strategic asset management, and we have revised our criteria as part of developing this investment strategy.
- Appetite and scale of regeneration: Over the life of this strategy, Abri will continue its significant (£161m) investment in major regeneration projects at Sawyers Close and three other sites. We will continue to undertake option appraisals for regenerating those communities where it's most necessary and viable.

## New homes specification

Our new homes minimum standards already work to ensure that we build to avoid future retrofit costs and optimise energy efficiency, but there is more to do as part of the Home & Place Standard for example to understand full lifecycle impacts of decisions we make at the build stage and incorporate learning into the planning process for new homes.

A significant and growing proportion of our new homes programme is delivered with long-term, strategic partners, through joint venture, with the remainder delivered by SME (small and medium-sized businesses) contractors or directly by our in-house construction team. Over the course of this strategy we will leverage relationships with strategic partners to deliver new homes that consistently meet our new Home & Place Standard while continuing to evolve our design, specification and service standards.

We will actively deploy new construction methods to future-proof and accelerate the development process and ensure that our new homes programme is aligned to our longer term investment priorities. Where we are in full control of the specification for new homes through our in-house construction team, we will test and learn from new approaches and design to push the boundaries of our Home & Place Standard.



## Sustainability

We will embed sustainability and carbon reduction throughout the lifecycle of our investments – from land acquisition and design, through construction to the longer-term management of our homes.

### We will prioritise:

- Low-carbon construction. Using modern methods of construction (MMC) to reduce embodied carbon and accelerate delivery.
- Energy efficient homes. Going beyond compliance, to cut fuel poverty and support net zero and future-proof our stock. All homes will reach EPC C by 2030 and EPC B by 2050 with fossil fuels removed from corporate and communal buildings by 2035.
- Digital infrastructure and smart technologies. Future-proofing our assets and improving customer experience with at least 10% of existing homes equipped with smart technology by 2030.
- Biodiversity and placemaking. Creating resilient and thriving communities that foster pride and wellbeing by targeting a minimum 10% biodiversity net gain across all new developments.
- Circular economy principles. Driving waste reduction and resource efficiency across our supply chain, underpinned by a new circular economy plan within the first year of this strategy.
- Decarbonised procurement. Embedding low-carbon standards and incentivising sustainable sourcing across our supply chains to cut the environmental footprint of purchased goods and services.
- Funding innovation. Leveraging blended finance models and strategic partnerships to unlock capital for retrofit, accelerating energy efficiency upgrades and net zero improvements across our portfolio.
- Climate resilience. Enhancing our evaluation of both physical and transitional climate risks, and longer-term mitigation strategies.

By aligning our capital investment with sustainability outcomes, we will unlock new funding opportunities, strengthen regulatory assurance and deliver homes that are not only affordable, but create meaningful impact for people, place and planet.

## 2. Where we operate, how we grow and what we build

Led by improving understanding of our stock, our customers and our communities, this strategy will see Abri consolidate in its existing regions, expand into new and neighbouring geographies where conditions are conducive to the delivery of high quality homes at scale, and rationalise where our homes and services can't sustainably meet business and customer need.

Over the past five years Abri has expanded significantly by merger, creating a footprint that now stretches from London to Devon, and Oxford to the South Coast.

Within this geography, we are the leading landlord in some areas, while in others our presence is limited or fragmented.

Our next phase of organic growth will be guided by concentrating resources where we can achieve the greatest impact, respond to local housing need and build strong, sustainable communities.

Recognising that housing need is a universal driver, the table on page 8 identifies the key factors influencing our operating geography and investment priorities.

As inorganic growth has brought major benefits for customers, colleagues and performance overall, Abri will continue to pursue growth through partnerships and other value-creating opportunities; increasing scale has been a key factor in our success by releasing the capacity to do more for our customers and communities.



## Influencing factors

**Opportunity.** We will grow where market and partnership opportunities enable us to deliver thriving communities at scale, and where Abri will have a strong appetite for development.

**Existing footprint and devolution impacts.** We will continue to invest and partner with Local Authorities where we hold significant stock and where we can contribute meaningfully to delivering more housing under post-devolution governance arrangements.

**Infill / efficiency.** Where our stock holdings are moderate but strategically placed, we will seek to build critical mass and/or strengthen connections to our established areas.

**Cost and competition.** We will address regional variations in build cost and financial return through piloting the use of regional investment hurdles, aligning investment with risk appetite and managing our exposure closely in high cost or low NPV areas. We will continue to monitor our win rates on land-led and s106 deals and use this to inform our geographical targeting.

Guided by our growth ambitions and operational efficiency objectives, we will ensure that the right quality of homes can be sustainably maintained over the long term. This includes assessing the case for exiting Devon to consolidate our footprint, improve service delivery and release capacity for reinvestment in higher-priority areas.

## Our regions

We are excited by the opportunity to better evidence that our investment is going on the right things and where it is most needed. In the first year of this strategy, we will introduce Regional Investment Plans as part of our new operating model. These will set out ambitions for both new development and existing homes, tailored to the specific characteristics of the region and its customers as our intelligence continues to improve.

Our partnership with Octavia has extended our presence into London – a region of acute housing need and limited supply – which we will seek to grow to gain critical mass. We have started work on how to optimise our London portfolio and make a meaningful contribution to addressing housing need in the capital.

Over the course of this strategy our focus will be threefold:

- scoping, resourcing and delivering the building safety remediation across our London stock
- leveraging the value in the portfolio appropriately to ensure that the right quality of homes can be sustainably maintained over the long-term
- strengthening relationships with local partners and the GLA to enable us to accelerate development where opportunities arise.



## What we build and where

### Tenure, size and market exposure

We will prioritise social rented homes, aligning with needs, government priorities and available funding. A higher proportion of rented homes will have implications for the size, location and viability of new schemes.

Low cost home ownership, in particular shared ownership will remain a major part of our grant-funded portfolio, representing ca. 30% of all new homes over the next ten years, particularly in markets where it is the only viable choice for first time homeowners. It therefore remains a key tenure, subject to continuing government support. Our review of shared ownership will enhance our shared ownership offer and drive improvement in customer satisfaction.

We will carefully manage our exposure to market sale through joint ventures in suitable locations, with further opportunities considered as our in-house construction team evolves. We will continue to support delivery of new supported housing through leadership of the Wayfarer consortium, helping specialist providers maintain supply of this critical tenure.

### House types

Demand for family housing remains strong across our geography. We will explore targeted use of Recycled Capital Grant Funds, enhanced scheme prioritisation metrics and standalone S106 opportunities to increase provision.

We know that development of flats in blocks, especially in constrained city centre locations, brings complexity in terms of planning, build and future management. We will review our approach to management company relationships and to service charges to ensure value for money and excellence in customer service.

### 3. How we will fund and deliver our plans

By combining disciplined financial management, strategic partnerships, and innovative funding approaches, Abri will unlock the resources required to transform both existing and new homes. This approach safeguards financial resilience, leverages new opportunities, and ensures that Abri continues to deliver homes and places that create lasting impact.

#### Where will the money come from?

Delivering this strategy effectively will mean balancing our bold ambition with the need to preserve Abri's long-term financial strength and resilience. Our investment capacity is governed by our Financial Golden Rules (FGRs).

Recent government announcements - including rent certainty at CPI + 1% and a major capital grant programme will strengthen Abri's ten-year outlook and create additional capacity and certainty in our longer term financial plan. We look forward to the government's continuing support to accelerate the delivery of new homes.

But Abri's own capacity has limits and on its own it will not be enough. To meet our ambition to build many more new homes, we will diversify our funding model, accessing new sources of finance alongside our established debt funding sources.

#### Funding our existing homes and the Abri Home & Place Standard

Our first priority is to upgrade our existing homes to meet our new Home & Place Standard. We'll make use of available grants, including current and future iterations of the Warm Homes Fund for energy efficiency, ECO funding and the Cladding Safety Scheme for our buildings over 11m requiring remediation.

We have already secured, or are in the process of securing, £52 million of grant funding for the next five years as follows:

- Wave 3 - £19m
- ECO 4 - £4m
- Cladding Safety Scheme - £29m

We will also explore off-balance sheet options for retrofit, subject to rigorous risk assessment.

#### New homes funding

With the required investment in existing homes identified and programmed, the majority of remaining resources will be invested in new homes delivery.

Abri was the recipient of one of the largest awards in the previous Affordable Homes Programme. As a strategic partner to Homes England, we welcome publication of the government's Social and Affordable Homes Programme (2026 - 2036) and look forward to continuing to work in partnership with Homes England.

With this support, we will continue to deliver 1,000 homes per year funded on-balance sheet, increasing this output if further efficiencies unlock additional capacity. A 50:50 mix of land-led and Section 106 delivery will ensure that we manage cashflow effectively while unlocking stalled developer-led sites.

To deliver 20,000 new homes by 2036, Abri will require significant alternative financing and an enhanced funding model incorporating traditional debt financing and equity investment. This alternative funding strategy will, among other routes, include equity investment models in which Abri sources, develops, and manages the homes, but does not provide all the capital or hold full ownership. A risk-based framework will be established to evaluate and implement the most effective models for attracting institutional investment and ensure that these meet Abri's long term ambitions for a diverse and flexible funding structure. We will continue to appraise where and what we build to make sure Abri's asset base remains attractive for investment to support the delivery of more affordable homes.

#### Capital allocation and risk profile

We will set out Abri's capital allocation clearly along a risk/return spectrum, enabling the Investment Committee and Group Board to monitor how resources are deployed and how risk is managed across all investment activity.

#### Strategic partnerships and pipeline

Partnership is central to Abri's DNA and will remain fundamental to the delivery of a larger and longer-term pipeline for new homes. Over this strategy period, we will:

- deepen our role with Homes England, leveraging the Social and Affordable Homes Programme and devolution opportunities
- formalise long-term partnerships with a small number of like-minded organisations to deliver new homes at scale
- create a ring-fenced capital fund for strategic land investment, sharing risk with trusted partners and opening up pipeline opportunities over the longer term
- continue to deliver a significant share of new homes via joint ventures, unlocking capacity and diversifying risk.

#### Our in-house construction team

Our in-house construction capability provides quality, assurance, resilience and flexibility. It provides direct control over standards, improves customer satisfaction and mitigates contractor risk.

In the first year of this strategy, we will undertake a strategic review of our in-house construction team, setting out how to strengthen its capability and ensure it is fit to support Abri's ambitions over the next decade.



