Fairview Holdings Limited – financial summary

The Fairview Holdings Limited group ("Fairview") is a residential property developer. Fairview specialises in the unconditional purchase of brownfield sites, securing the necessary planning consents and building a full range of homes from studio apartments to large family houses according to location. The Group's core focus is on the first time buyer and second stepper markets in Greater London and the south east of England. No change is anticipated to this business model.

The Fairview Holdings Limited Employee Benefit Trust owns 100% of Fairview Holdings Limited.

Financial highlights for the year ended 31 December 2024

	2024	2023
Legal completions (including joint ventures)	583	659
	£m	£m
Total sales including share of joint ventures	229.2	221.0
Operating (loss)/profit including share of joint ventures	(28.3)	(3.1)
Land & work in progress	248.6	242.9
Share of joint venture developments	68.0	53.8
Other net (liabilities)/assets	(100.1)	(54.0)
Shareholder's funds	216.5	242.7
Net cash	*1.5*	*60.4*

Turnover for the year was £212.7 million (2023: £218.5 million) from 556 legal completions (2023: 659 completions). Including our share of joint ventures, turnover for the year was £229.2 million (2023: £221.0 million) representing 583 legal completions (2023: 659 completions).

The economic and political backdrop was more stable throughout 2024 with a less volatile mortgage lending environment. However, affordability remained a key issue for our customers. This resulted in sales prices being broadly flat across the year as a whole.

Availability of sub-contract labour and material supplies was adequate to support the Group's operational requirements with minimal build cost inflation during the year.

The loss before corporate bonuses and tax for the year was £26.2 million (2023: profit of £0.5 million). Included within the results for 2024 is an increase of £31.7 million (2023: £26.3 million) in the provision for costs of fire safety remediation works associated with legacy developments. The increase reflects an additional 3 sites identified as requiring remedial works and an updated assessment of requirements for all other sites. The Group is over halfway through its remediation programme, with necessary works having already completed at 28 developments and in progress at 10 other sites. The Group continues to engage in active discussion with management companies and their advisers in all other known cases to determine the scope and a programme of works. Excluding the provision for costs of fire safety remediation, there is an underlying profit before tax of £5.6 million (2023: £26.8 million). Whilst disappointing, the underlying results are considered reflective of the economic conditions.

After corporate bonuses the loss before tax was £26.8 million (2023: £27.6 million). Detailed results are set out in the consolidated profit and loss account on page 12.

Shareholder's funds were £216.5 million at 31 Decembe 2024 (2023: £242.9 million). Net cash at the year-end was £1.5 million (2023: £60.4 million).

Land, planning and work in progress

There continues to be a lack of supply of viable residential sites within the land market due mainly to build costs increases in previous years together with stringent planning and regulatory policy requirements and no meaningful growth in sales prices over the past 48 months. Land values have not adjusted commensurately and this has resulted in many opportunities being incompatible with our required measures of return. In other instances, potential sites have been acquired by others for alternative uses that have generated higher values for the land than residential development. Expenditure on new land continues to be below target, although acquisitions were contracted during 2024 for the development of 445 new homes including joint ventures (2023: 458).

The new Government's welcome changes to the lengthy and over-complex planning system have yet to take full effect. However 938 new homes achieved consent during the year across four sites (including joint ventures).

The commencement of construction of buildings above 18 metres is now subject to Building Safety Regulator approval. Experience to date is that the statutory review periods have been significantly exceeded by the Regulator resulting in delays to construction programmes.

At 31 December 2024 the land bank for the Group comprised over 3,000 plots (2023: 3,100 plots), of which over 2,700 benefitted from full planning permission (2023: 2,400) and a further 35 plots (2023: 115) had resolution to grant planning consent subject to a s106 agreement.

Future prospects
The new Government is committed to a significant increase in new housing development spurred by improvements to the planning system initially through the updated National Planning Policy Framework published in December 2024. Further reforms will be necessary to achieve significant change and these supply side measures will take time to be reflected in the delivery of new homes.

Build costs have remained stable, but it remains to be seen how well the supply chain will respond as development volumes increase and increased employment costs announced in the October 2024 Budget take effect. Without a substantial improvement in performance from the Building Safety Regulator, construction of taller residential buildings will suffer significant delay.

Increases in average earnings continue to outpace inflation both helping to ease the cost-of-living pressures experienced by potential purchasers and starting to improve the affordability of new homes.

The Bank of England reduced base rate in February 2025 and has signalled further cuts during in the year. However, the recent increase in general inflation may delay further falls. Longer term interest rates are also constrained by global debt investor appetite and the UK Budget deficit, restricting the scope for reductions in fixed rate mortgages.

Overall, it is anticipated that economic conditions for our industry will remain challenging during 2025. In the near-term our margins will continue to remain below target, as developments adversely affected by significant levels of cost inflation experienced over the past few years are built out.

Fairview Holdings Limited – s172(1) statement

Stakeholder engagement
In carrying out their duties under s172(1) (a) to (f), the Directors have regard to both the short- and long-term impact of their decisions, the interests of the Group's employees, its sub-contractors, suppliers, consultants and purchasers of new homes developed by the Group, the impact of its activities on the communities in which it operates and the environment. Other key business relationships are with land vendors and their agents, planning authorities, new home warranty providers and building control, housing association purchasers of affordable homes, the New Homes Quality Board, the Group's bank lenders, taxation authorities and The Fairview Holdings Limited Employee Benefit Trust, the Group's sole shareholder.

The Group's business model is based on providing purchasers with value-for-money new homes, built to a good standard, delivered on programme, generally on previously-developed land. The Group aims to optimise the development potential of its sites in consultation with planning authorities and local communities; provide a well-ordered and safe working environment for employees and sub-contractors; make prompt payment to all members of its supply chain (except in the case of dispute); operate in compliance with applicable laws and regulations; and conduct its business in an open and direct manner with all stakeholders. From contact with the Group's various stakeholders over many years, these are considered to be the most important factors in our engagement with them.

The principal means of engaging with stakeholders are:

- direct line management and team meetings with employees as well as appraisals;
- regular dialogue between the Company's land acquisition team, land vendors and their agents;
- pre-application meetings with planning authorities and public exhibitions & consultations on new development proposals;
- regular contact with suppliers and sub-contractors, consultants and warranty providers, both at corporate and site level;
- on-site and head office sales teams communicating closely with purchasers and potential purchasers during the course of marketing and progression of sales reservations through to completion, supported by a dedicated post-completion customer service team;
- monthly reporting and regular dialogue with the Group's bank lenders.

Individual developments and the Group's operations have continued to be carried out in line with these principles.

Employee engagement
The principal means of employee engagement is through the Group's clearly-defined line management structure. As is typical for a business of this size, directors and senior management are closely involved in operational matters providing ample opportunity for engagement with employees at all levels. There is an open-door culture affording all employees the opportunity to raise matters with directors and senior management in addition to their direct line manager. An employee briefing is planned to be held yearly with the second event having been held in January 2025. More formally, the Group has a subsidiary board, whose meetings are attended by at least two Group Board directors, and which typically meets four times a year.

Formal policies and procedures applicable to employees are included in a staff handbook and health & safety requirements and responsibilities are advised in a manual that is updated annually.

Decisions to acquire new sites and the optimisation of development proposals are carried out in "round-robin" format with reporting and representation from employees of all departments within the business integral to the development process.

Employees participate in various incentive schemes designed to align their interests with those of the business more widely.