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Sovereign Housing Capital Plc
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Sovereign Network Group's Quarterly Performance Update covering unaudited Q1 results for the financial year 2025/26

Sovereign Housing Association trading as Sovereign Network Group (SNG)

Sovereign Network Group is the sixth largest housing association in the UK in terms of unit size with over 85,000 homes, with a core geographical focus in the South of England and London and an ambition to develop 25,000 homes over the next 10 years.

Quarter 1 Performance Update - period to 30 June 2025

Sovereign Network Group's unaudited underlying financial performance in Q1 FY26 shows growth in operating surplus against the previous quarter, as well as year on year against Q1 FY25. Core lettings turnover also increased year on year owing to additional income from new homes and the rent uplift.

The development programme produced 313 handovers in the quarter. Q1 FY26 sales are slightly behind of the overall run rate for the year with 119 sales. This is also a decrease from the 175 sales achieved in Q1 FY25, and is marginally down on budget for surplus on sales for FY26.

SNG I&E

£'m

	Q1 25/26	Q4 24/25	Variance	Variance	Q1 24/25	Variance	Variance
	Qtr	Qtr			Qtr		
	Actuals	Actuals	£m	%	Actuals	£m	%
Turnover	194.7	220.9	-26.2	-11.90%	187.8	6.9	3.70%
CoS, Op Cost, & Depn	-147.7	-181.7	34	-18.70%	-143	-4.7	3.30%
Operating Surplus	47	39.2	7.8	19.80%	44.8	2.2	4.90%
Disposals, Financing & JV	-27	-13.6	-13.4	98.60%	-22.9	-4.1	17.80%
Retained Surplus	19.9	25.6	-5.7	-22.10%	21.8	-1.9	-8.70%

Treasury

As at Q1 FY26, SNG had total long-term facilities of £4,937 million. £4,132 million of facilities were drawn, with £805m of available liquidity facilities and cash and cash equivalents of £42m.

There continues to be significant headroom against Interest Cover and Gearing covenants across all SNG facilities.

Credit ratings

SNG has an A3 (Outlook: Stable) rating with Moody's.

SNG has an A- (Outlook: Stable) with S&P.

Customer Services

The Customer Influence Panel (CIP) has now been meeting for 6 months and is becoming embedded across SNG. In the last 3 months the CIP has reviewed our Grounds Maintenance approach; helped to shape our 2025-26 business targets; scrutinised our Income Management and Tenant Arrears Policies; and has given feedback on the developing SNG Foundation Strategy.

Two formal scrutiny projects have now been commissioned by the group. The first explored the differences in repairs satisfaction scores between men and women and further research is being conducted into this highly complex area. The second scrutiny is currently underway and is looking at the challenges around first-time access, with a specific focus on repairs.

Our Customer Engagement training, which has been co-designed and delivered with our residents, has been launched and 35 colleagues from across SNG have now attended, giving positive feedback on the course.

Communities and Sustainability

In Q1, SNG has measured £15.9m of social value across Community Investment and the wider business, on track against a target of £15m for this quarter. Our Employment Support team have worked with customers to achieve 100 jobs, and 535 training outcomes. We've partnered with 60 community organisations who've reached 2,095 beneficiaries. Our 'Support for you' programme has connected 589 customers with the right support resulting in 156 Debt Advice cases, 1,251 financial inclusion outcomes including support with food, furniture and fuel and 152 digital inclusion outcomes, providing training and devices to get online.

Corporate Affairs

At the Comprehensive Spending Review in June, the government confirmed a £39bn package of investment in affordable housing, made up of grant funding and low-cost loans. The intention for this funding is to deliver 300,000 new homes, 180,000 of which will be for social rent.

The government also confirmed a ten-year rent settlement, allowing for increases of CPI+1% from April 2026. In addition, the government is currently consulting on an approach to rent convergence, enabling rents that are historically below the social rent formula to rise to where they should be, over a ten-year period. The government also confirmed that social landlords would be able to apply for funding to remediate buildings that have unsafe cladding for their rented properties, which were not previously eligible.

This package has been welcomed by the sector and described as 'transformative' by sector leaders, providing the additional capacity needed to keep building new affordable homes. For SNG, the announcement around the rent settlement provides us with additional certainty over our long-term financial plans, and potential additional capacity from the new grant funding. We are engaging with the government and other stakeholders over the implementation for rent convergence, with sector groups developing a shared position to put to the government.

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