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Sovereign Housing Capital Plc
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Sovereign Network Group's Quarterly Performance Update covering unaudited Q4 results for the financial year 2024/25

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 4 Performance Update - period to 31 March 2025

Unaudited underlying financial performance in Q4 FY25 shows growth in sales turnover against the previous quarter. Both core lettings and sales turnover also increased year on year owing to additional income from more new homes and the rent uplift. The growth in turnover has outpaced inflationary increases in operating costs and changing market values of investments year on year, resulting in an increase in operating surplus. Year-on-year, operating surplus has increased by 42.9%. An increase in surplus on disposals in Q4 FY25 has contributed to a higher retained surplus against both the previous quarter and prior year.

Unaudited Financial Performance

£'m	Q4 24/25	Q3 24/25	Variance	Variance	Q4 23/24	Variance	Variance
	Qtr Actuals	Qtr Actuals	£m	%	Qtr Actuals	£m	%
Turnover	220.9	196.9	24.0	12.2%	180.8	40.2	22.2%
CoS, Op Cost, & Depn	(181.7)	(158.3)	(23.4)	14.8%	(153.3)	(28.4)	18.5%
Operating Surplus	39.2	38.6	0.6	1.5%	27.4	11.8	42.9%
Disposals, Financing & JV	(13.6)	(22.7)	9.1	-40.2%	(22.7)	9.1	-40.1%
Retained Surplus	25.6	15.9	9.7	61.3%	4.7	20.9	441.5%

Development

The development programme produced 721 handovers in the quarter. In total, for FY25 SNG delivered 1,611 new homes.

There are 11,369 units in the development pipeline as at the end of Q4, of which 7,536 are committed (including JV units).

Treasury

As at Q4 FY25, SNG had total long-term facilities of £4,694 million. £4,052 million of facilities were drawn, with £642m of available liquidity facilities and cash and cash equivalents of c. £80m.

In Q4, SNG established a £1.5bn Euro Medium Term Note ('EMTN') programme to support flexible access to capital markets.

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

Q4 saw the launch of our new customer engagement framework, co-created with SNG customers across our operating geography, with our Customer Influence Panel (CIP) and Scrutiny Panel both meeting for the first time in January.

Two meetings in, our CIP has already commissioned a deep dive into anti-social behaviour, to establish if there are different levels of ASB between communities and, if so, why these differences exist. Whilst our Scrutiny Panel has commenced a scrutiny to understand why satisfaction scores from women are generally lower than those given by men.

The findings from these customer led activities will be used to identify actions SNG can take to improve service outcomes to customers.

Communities and Sustainability

In FY25, SNG has indicatively measured £140m of social value across Community Investment and the wider business. This included a pilot with HACT's new Built Environment Bank, where a portion of social value was calculated against the number of properties built in the West region. This year, SNG partnered with 424 community organisations, supported customers to achieve 382 jobs and 2,569 training outcomes, provided 4,206 fuel poverty interventions, 10,122 financial inclusion outcomes, 965 digital inclusion outcomes and our grants programmes have reached 17,461 beneficiaries.

Corporate Affairs

The Government has kept housing at the forefront of its growth plans in one of the most active policy environments for the sector in many years. SNG continues to engage with government, wider policymakers and MPs - both directly and through our sector bodies to influence the Government's approach. The Group CEO and wider senior leadership continue to meet regularly with MPs, including ministers.

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