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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 2025/26

Sovereign Network Group (SNG)

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

Unaudited quarter 4 performance update - period to 31 March 2026

Sovereign Network Group's unaudited underlying financial performance in Q4 FY26 shows a reduction in operating surplus and retained surplus against the previous quarter, as well as year on year reduction against Q4 FY25. This is largely driven by impairment charges of a small number of historic schemes in Q4 to manage future development scheme performance. These impairments are not expected to be recurring. Core lettings turnover has increased year on year owing to additional income from new homes and the rent uplift, however turnover is down overall owing to a one-off development bond received in FY25 for £11.7m and a marginal decrease in sales income.

SNG I&E							
£'m	Q4 25/26	Q3 25/26	Variance	Variance	Q4 24/25	Variance	Variance
	Qtr Actuals	Qtr Actuals	£m	%	Qtr Actuals	£m	%
Turnover	209.4	206.4	3.0	1.5%	220.9	(11.5)	(5.2%)
CoS, Op Cost, & Depn	(191.2)	(163.4)	(27.8)	17.0%	(178.8)	(12.4)	6.9%
Impairment and Revaluation	(17.3)		(17.3)	100.0%	(2.9)	(14.4)	493.6%
Operating Surplus	0.9	43.0	(42.1)	(97.9%)	39.2	(38.3)	(97.7%)
Disposals, Financing & JV	(22.0)	(20.4)	(1.6)	8.0%	(13.6)	(8.4)	61.9%
Retained Surplus	(21.1)	22.6	(43.8)	(193.5%)	25.6	(46.7)	(182.7%)

The development programme produced 668 handovers in Q4, bringing the FY26 total of new homes delivered for SNG to 1,661.

There are 11,330 units in the development pipeline as at the end of Q4, of which, 8,220 are committed (including JV units).

Treasury

As at Q4 FY26, SNG had total long-term facilities of £5,371m. £4,386m of which were drawn, with £985m of available liquidity facilities and cash of £82m.

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 completed its first full year, with members continuing to work closely with colleagues across all directorates to strengthen customer influence and insight.

In Q4, the CIP focused strongly on repairs and customer voice in decision making, including how customer perspectives are embedded within service design and procurement activity. During the quarter, the panel reviewed three key policies: the Garage Policy, Tenancy Change Policy, and Succession Policy, providing challenge and feedback to help ensure these reflect customer needs and lived experience.

We also delivered our first "Scrutiny in a Day", focused on Repairs Marked as Complete. This intensive session enabled customers to work alongside colleagues to review performance, explore customer experience, and develop practical recommendations for improvement, marking an important step forward in how we carry out responsive and efficient scrutiny activity.

In addition, we delivered Big Community Conversations in Somerford and Hertford, engaging in meaningful conversations with over 100 residents about their experiences, priorities, and what matters most locally. Alongside this, we secured £114k in partnership funding to test a new AI-enabled app, Neya, which will support residents to connect with one another and access local opportunities, helping to strengthen community connections and informal support networks.

Communities and Sustainability

In Q4, we measured £56,498,619 of social value, meaning that in total, the social value measured this financial year is £119,468,064 against a target of £100m. This figure is subject to audit which will be completed by the end of May 2026. Whilst the majority is derived from delivery within the Community Foundation, it also includes activity from teams such as Rehousing, Retrofit, Places Impact Team, Property Services and Support for You. We will be able

to confirm the number generated purely against the Community Foundation and wider SNG as soon as the audit is finalised.

Our Community Foundation team have worked with customers and communities to achieve 537 jobs, and 3,640 training outcomes. We've partnered with 289 community organisations, providing 212 quality support interventions to increase our partner's sustainability and capacity. Our 'Support for you' programme has connected 3,105 customers with the right support resulting in 8,065 financial inclusion outcomes including support with food, furniture and fuel and 1,012 digital inclusion outcomes, providing training and devices to get online.

Corporate Affairs

In Q4, the Government published its responses to key consultations providing clarity over how the sector can converge rents that have been historically lower than the regulated standard, and what the new Decent Homes Standard will be once compliance is required from 2035. Our analysis shows that the ability to converge rents at £1 per week from April 2027, and £2 per week from April 2028 - on top of the CPI + 1% annual rent increases - will provide SNG with £70.4m additional income over 10 years. Analysis of the impact of the new Decent Homes Standard is ongoing.

Our corporate affairs activity continued to build support for our New Towns in Old Towns model for housing-led regeneration in southern towns in England, focussing on securing endorsement from Homes England. We also held a roundtable with key stakeholders from across the sector, including Number 10 and the Treasury, bringing together views on improving the funding model for social housing for government representatives to consider.

We also held meetings with key political stakeholders, including constituency MPs, and the Labour candidate for Mayor of Hampshire and the Solent, Lorna Fielker, supporting our goal to influence the formation of the new combined authority for the region.

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