

## **Moody's Ratings has affirmed Sovereign's 'A2' rating**

Moody's Ratings has affirmed Sovereign's 'A2' rating which they say reflects Sovereign's "large size, strong operating margin." Moody's provides global integrated risk assessment to advise investors. In a recent research report, Moody's said: *"The stable outlook on Sovereign's rating reflects our view that its growing development and market sales risk is balanced by its strong profitability. It also reflects the stable operating environment for housing associations."*

The report went on to say that the stable outlook reflects a view that *"Sovereign's operating margin of 31% in fiscal 2020 was above the A2-rated peer median of 28% (fiscal 2020). The strong profitability was driven by high margins on its social housing lettings, for which the group reported a margin of 35% in fiscal 2020 compared to 19% on its market sales for the year."* The report noted that Sovereign is planning to take a more active approach to its asset management, including investing in and improving existing stock. The report also noted Sovereign's goal of achieving zero carbon by 2050.

The report acknowledges that Covid-19 has had an impact on development but states that Sovereign "remains committed to growth with an aim to increase its annual output of new homes to around 1,900 a year from 1,200 in 2017.

You can read the report from Moody's [here](#)

Responding to the news **Mark Washer, chief executive of Sovereign**, said:

*"I am very pleased that we have had our A2 rating affirmed. This reflects our long-term commitment to investing in our homes and to building new homes. Our forward-looking and ambitious programme to improve our homes for customers and make all our homes more sustainable is also sound financial planning."*

Mark went on to say:

*"Sovereign will be going into 2021 in robust financial health. We have strong assets and a strong enterprise profile. Whether it's in our plans for new homes or to improve the lives of our existing customers, this is welcome recognition that we are delivering on our corporate plan."*

*"This is good news for Sovereign and reflects the hard work of colleagues across the organisation, delivering for our customers in a year like no other."*