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Sovereign Housing Capital Plc
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Sovereign Network Group's Quarterly Performance Update covering unaudited Q2 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 2 Performance Update - period to 30 September 2025

Sovereign Network Group's unaudited underlying financial performance in Q2 FY26 shows a slight reduction in operating surplus against the previous quarter, but year on year growth against Q2 FY25. Core lettings turnover also increased year on year owing to additional income from new homes and the rent uplift.

The development programme produced 287 handovers in the quarter (Q1 313). Q2 FY26 sales are ahead of the YTD run rate at 179 (Q1 119). This is a slight increase against the 168 sales achieved in Q2 FY25, and is marginally down on budget for surplus on sales for FY26.

SNG I&E

£'m

	Q2 25/26 Qtr Actuals	Q1 25/26 Qtr Actuals	Variance £m	Variance %	Q2 24/25 Qtr Actuals	Variance £m	Variance %
Turnover	207.4	194.7	12.7	6.5%	183.3	24.1	13.2%
CoS, Op Cost, & Depn	(162.2)	(147.7)	(14.4)	9.8%	(147.1)	(15.1)	10.3%
Operating Surplus	45.3	47.0	(1.7)	-3.6%	36.2	9.0	24.9%
Disposals, Financing & JV	(18.1)	(27.0)	8.9	-32.8%	(22.3)	4.2	-18.6%
Retained Surplus	19.9	25.6	-5.7	-22.10%	21.8	-1.9	-8.70%

Treasury

As at Q2 FY26, SNG had total long-term facilities of £5,222 million. £4,197 million of facilities were drawn, with £1,025m of available liquidity facilities and cash and cash equivalents of £54m.

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 9 months with panel members working closely with staff across all directorates. In the last 3 months the CIP has reviewed our Neighbourhood Policy, Pest Policy, and started to look at our

Complaints approach. This has led to changes such as the creation of a resident-friendly version of the EDI report and training for staff.

We also ran 9 Customer Engagement Roadshows across our communities, having conversations with over 300 residents. The model was such a success that we are now launching The Big Conversation Project, running monthly events in our communities.

Our Engage digital platform continues to grow with over 30,000 visits to the site and 46 surveys completed. We are now exploring how all new tenants can be given the opportunity to join as part of their sign up.

Communities and Sustainability

In Q2, SNG measured £33.9m of social value across Community Investment and the wider business, taking our year to date figure to £49.9m. This means that we're currently ahead of our target of £35m for this point in the year. Our Employment Support team have worked with customers to achieve 223 jobs, and 1,365 training outcomes. We've partnered with 70 community organisations, providing 69 quality support interventions to increase our partner's sustainability and capacity. Our 'Support for you' programme has connected 1,564 customers with the right support resulting in 250 Debt Advice cases, 3,831 financial inclusion outcomes including support with food, furniture and fuel and 408 digital inclusion outcomes, providing training and devices to get online.

Corporate Affairs

Following on from the Government's announcements at the Comprehensive Spending Review in June, SNG has been engaging with Homes England and MHCLG officials on the detail of the public investment, including around grant rates and the terms of the low cost loans from the new Housing Bank. The prospectus for the new Social and Affordable Homes Programme is due in early November, with bidding beginning in April 2026.

Over the summer, the Government consulted on two new proposed requirements for existing buildings. One was for a proposed new Decent Homes Standard, with compliance proposed from 2035 or 2037. The other was a new Minimum Energy Efficiency Standard for the social housing sector, with compliance proposed by 2030. SNG responded setting out agreement with the principles of the proposals and the potential costs. We also highlighted the potential subsequent impact on our development programme, and our views on how to better achieve good quality homes in our sector. The Government has said it will respond to the consultations before the end of the year.

The Government are consulting on a means of implementing rent convergence, proposing either a £1 or £2 per week cap over the ten-year period of the rent settlement. SNG, the G15 group of the largest housing associations in London, and the National Housing Federation, have all called for a £3 per week cap in perpetuity, to ensure that rents that are historically below formula can reach formula level. The Government has said that it will respond to the consultation at the Budget on 26 November.

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