



Unaudited Preliminary Results

Year ended 31 March 2026

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MOODY'S
RATING**A3** (stable)FITCH
RATING**A-** (stable)REGULATORY
JUDGEMENT**G1/V2/C2**OPERATING
SURPLUS***£185m**2024/25: **£123m**OPERATING MARGIN
EXCLUDING SALES***20%**2024/25: **13%**SURPLUS
AFTER INTEREST***£67m**2024/25: **£10m**TOTAL
DEBT**£3,405m**2024/25: **£3,375m**CASH & CASH
EQUIVALENTS**£75m**2024/25: **£84m**HOUSING ASSETS
AT COST**£6,387m**2024/25: **£6,235m**UNDRAWN COMMITTED
FUNDING**£539m**2024/25: **£592m**FIXED RATE
DEBT PROPORTION**89%**2024/25: **91%**WEIGHTED AVERAGE
COST OF DEBT**4.18%**2024/25: **4.21%**CAPITAL COMMITMENTS
AT YEAR END**£232m**2024/25: **£343m**TOTAL
TURNOVER**£720m**2024/25: **£674m**OVERALL
SATISFACTION**67%**2024/25: **63%**NEW HOMES
STARTED**39**2024/25: **127**NEW HOMES
COMPLETED**937**2024/25: **807**NUMBER OF HOMES
IN CONTRACT**1,746**2024/25: **2,609**

* Excludes Fire Safety provision of £48.7m

From Tom Paul, CFO

Our new strategic plan

This year at Southern Housing we mark our 125th anniversary. For 125 years we've been committed to helping people in housing need by providing safe, high-quality homes.

As a charitable Housing Association every penny we receive is spent on running our business, is reinvested into services for our residents, pays for repairs and home improvements, and supports developing new homes.

Our new [Strategic Plan for 2026-30](#) was shaped by extensive engagement with residents and colleagues, and sets out a focused and disciplined approach to:



RELIABLE REPAIRS



PROFESSIONAL SERVICES



EFFICIENT BUSINESS

Financial update

2025/26 represents a turning point and we expect our Cash Interest Cover Golden Rule ("EBITDA Major Repairs Included Cash Interest Cover (excluding sales)") to now head back towards our target of 100%. This turnaround is due to two principal factors: firstly, that the balance of uncompleted homes in our development programme is reducing, and we are bringing in more rental income on homes that are completed; and secondly that we have made great strides in driving cost efficiency. By 2025/26 we achieved £25m in efficiency savings since merger in December 2022. A further £10m is included in the 2026/27 budget, and we target a further £20m in the two years following.

We made an operating surplus of £185m¹ last year, an increase from £123m in 2024/25 despite investing more in our existing homes. Sales performance was also ahead of expectations, with £72m in initial and outright sales. This was £10m above target and higher than 2024/25's £59m, while asset disposal surplus reached £54m, also ahead of target.

We continue to have significant headroom against banking covenants, with moderate gearing, low refinancing risk, and strong liquidity. At year end, we held £539m of undrawn facilities and £75m in cash, giving us significant cover and flexibility to meet our commitments.



¹ This figure excludes a provision for future Fire Safety spend of £48.7m

Development programme

We continue to progress our existing development commitments while maintaining a cautious approach to new developments. We've delivered 937 new homes last year, exceeding our target and improving on 807 the previous year. As our Cash Interest Cover is now improving, and we can see a clear pathway to 100%, we're now able to ready ourselves for future development activity as planned. We are now in discussions with the Greater London Authority (GLA) on delivering a development programme over the medium term.

We are hopeful of being able to bid to deliver more homes sooner, through securing [Low Interest Loans](#) to sit alongside grant funding. The bidding round for these from Homes England and GLA has not yet commenced. We originated the concept here at Southern Housing specifically as a policy tool to support development activity while Cash Interest Cover improves.

Another key part of our future programme is the regeneration of the [Four Courts estate in Hastings](#). This is a long-term investment that will replace ageing high-rise blocks with modern, safer homes and improved public spaces. It reflects our approach of prioritising building safety, resident outcomes, and long-term value over short-term fixes, while working closely with residents throughout the process.

Business update

Tenant Satisfaction Measures (TSMs) help us understand how well we're doing at providing quality homes and services. They cover a wide range of areas including repairs, safety, neighbourhood management, and complaints.

We'll publish the full suite of 2025/26 results in July, but we can already share our headline Overall Satisfaction score of 67%. This is an improvement from 63% in 2024/25, reflecting our efforts to listen and respond to feedback from residents.

We're changing how we invest in our homes and services. Through our [capital investment initiatives](#) and wider transformation programme, we're increasing spend on major repairs, building safety and energy efficiency, while standardising how we manage assets to improve performance and value for money.

Looking ahead

Overall, we ended the year in a strong financial position, with improved performance, solid liquidity and good covenant headroom giving us a firm base for the year ahead.

We recognise the wider macroeconomic environment remains uncertain. Inflation, interest rates, supply chain challenges, and global events may continue to create pressure. However, our resilient financial position, clear priorities and disciplined approach mean we're well placed to respond to these challenges.

Our focus remains on improving services for residents, continuing our financial recovery, and creating the capacity to deliver more new homes over the long term.



Tom Paul
Chief Financial Officer



Financial performance

Income and expenditure

	FY2023/24	FY2024/25	FY2025/26	
			Includes Provision	Excludes Provision
			Unaudited £m	Unaudited £m
	Audited £m	Audited £m		
Total turnover	609	674	720	720
Rent, service charge & grant income	565	615	648	648
Initial sales	40	45	46	46
Open market sales	4	14	26	26
Fixed asset disposals	33	46	54	54
Operating surplus	108	123	136	185
Operating margin excluding sales	14%	13%	13%	20%
Surplus after interest	3	10	18	67

Cashflows

	FY 2023/24 Audited £m	FY 2024/25 Audited £m	FY 2025/26 Unaudited £m
Cash from operations	207	225	338
Investing activities	(346)	(306)	(244)
Financing activities	102	71	(116)
Short term investments	0	3	(13)
Net change in cash	(37)	(12)	(9)
Cash Interest Cover Golden Rule	39%	27%	49%

Balance sheet

	31.03.2024 Audited £m	31.03.2025 Audited £m	31.03.2026 Unaudited £m
Total social housing assets (historical cost)	6,055	6,235	6,387
Total debt	3,167	3,375	3,405
Cash & cash equivalents	109	84	75

- Surplus after interest excludes movements in fair value. Results do not include any updates on fair value movements in derivatives, pension schemes, or investments
- Despite investing £154m in new homes in 2025/26, our drawn debt rose by just £30m, demonstrating the strength of our cashflow and our ability to fund growth efficiently
- Turnover has risen compared to 2024/25, mainly due to the annual rent increase and the letting of new homes built
- Our Cash Interest Cover Golden Rule is 49%, an improvement from 27% in 2024/25. This reflects our efforts to drive efficiency post-merger and the early impact of our transformation programme. We expect this trend to continue as we progress to recovering to our target level of 100% by 2029
- We've made a Fire Safety provision of £48.7m in 2025/26. As part of our commitment to the Government's joint plan to accelerate social housing remediation, we made clear and public commitments to faster delivery, clearer timelines and stronger accountability for building safety works across our stock. This created a Constructive Obligation under the relevant accounting standard (FRS 102). This non-cash accounting adjustment reflects the cost of future works where we have sufficient certainty over costs in relation to shared ownership and leaseholder homes. As those works complete, we'll release the provision
- Our post provision operating surplus of £136m is higher than 2024/25 (£123m) despite recognising the £48.7m provision for Fire Safety works. We've achieved this while increasing investment in our existing homes
- The provision has also impacted our Operating Margin; without this our margin would have been 20%.

Operating performance

General needs and HOPS² key operational indicators

	FY 2023/24 Audited	FY 2024/25 Audited	FY 2025/26 Unaudited
Vacant Homes available for lettings	0.6%	0.7%	0.5%
Overall rent arrears	4.7%	4.3%	4.5%
Overall satisfaction	67%	63%	67%

- Vacant Homes available for lettings has fallen in 2025/26 despite increased tenancy turnover in Q4 2025/26. We've consistently managed this increased turnover effectively, ensuring homes move promptly through the empty homes pipeline and that vacancy levels remain at a low and sustainable level
- Our arrears percentage has remained broadly steady over the last three years
- Our Overall Satisfaction TSM result has improved to 67% in 2025/26, and across the board our metrics are improved. Our strongest scoring TSMs continue to be 'Satisfaction that their landlord treats tenants with fairness and respect' at 82% (2024/25 80%) and 'Satisfaction that their landlord provides a safe and secure home at 80% (2024/25 78%).

² Homes for Older People

Property management

Expenditure on homes^{*}

	FY 2023/24 Audited £m	FY 2024/25 Audited £m	FY 2025/26 Unaudited £m
Routine maintenance	85	103	96
Planned maintenance	88	99	76
Major repairs	40	31	35
Capitalised repairs	95	101	136
Total expenditure	307	334	343

- We've met our aim to increase our investment in our homes in 2025/26 above 2024/25 levels, underlining our commitment to improving our residents' homes, enhancing sustainability, and delivering long-term value
- The rate of expenditure accelerated significantly in the second half of the year as our new delivery model bedded in and delivery gained momentum
- We continue to see properties handed back in a poor state of repair which is adding cost and pressure to our void turnarounds.

*Including allocated overhead

Building safety

Building safety (cores³)

	31.03.2025 Audited	31.03.2026 Unaudited
Complete remediations	62	65
Remediation in progress	16	18
Requiring remediation	378	485
Awaiting PAS9980 assessment	203	103

- Year-on-year movements in reported figures, including the net increase of three completed units, are not a true reflection of additional remediation works completed during the period. These changes include reclassifications following the application of new legislation and updated technical interpretations. This includes the reconfiguration and consolidation of some cores into single cores for fire risk assessment purposes, and alignment with the Fire Safety (England) Regulations 2022. As a result, some cores previously recorded as completed no longer meet the revised criteria, distorting direct year-on-year comparisons
- However, our building safety programme is progressing as planned. Remediation work is now complete at 65 cores and works are in progress on a further 18 cores. The increase in live schemes during the year reflects the continued transition of the programme from assessment into delivery as surveys, PAS 9980 assessments and scheme designs conclude
- We expect the number of buildings in active remediation to continue to increase through 2026/27 as further schemes pass key readiness gateways. The remaining buildings within the programme are predominantly at earlier technical stages, including further intrusive investigations and opening up works required to define scope, cost, and sequencing ahead of construction. Completion of these investigations will continue to drive forward additional commencements
- Our survey programme also continues to make strong progress. At the end of the period, only 103 fully clad blocks are awaiting assessments, down from 226 at 30 September 2025. The survey programme is on track to complete in 2026/27
- Through our rolling fire risk assessment programme, we're gathering richer data on our stock, enabling us to prioritise effectively and maintain the highest safety standards. This positions us well to meet regulatory requirements and protect our residents.

³ Cores are areas within a block requiring their own Fire Risk Assessment

Property development and sales

New homes

	FY 2023/24 Audited	FY 2024/25 Audited	FY 2025/26 Unaudited
Started in the period	348	127	39
Completed in the period	776	807	937
Sold in the period	286	389	448
In contract at the reporting date	3,256	2,609	1,746

Investment in new homes

	FY 2023/24 Audited £m	FY 2024/25 Audited £m	FY 2025/26 Unaudited £m
Spent during the period	257	229	154
Future spend in contract	531	343	232

New homes available for sale at the reporting date

	31.03.2024 Audited	31.03.2025 Audited	31.03.2026 Unaudited
Open market sales	27	21	25
Unsold over six months	26	21	0
Shared ownership first tranche	173	211	250
Unsold over six months	102	59	102

- New start on sites have slowed in line with our decision to pause committing to new development sites. Likewise, the number of homes we're in contract to deliver has dropped, along with future spend in contract
- Our open market sales risk remains at modest levels, reflecting the strategic decision to reduce exposure to this market
- We've converted 16 unsold Open Market Sales units to Shared Ownership in 2025/26, increasing the number of Shared ownership first tranche unsold homes over six months at year end
- Our impairment provision reduced by £1.1m during 2025/26, from £39.2m to £38.1m.

Funding and liquidity

Funding sources

	31.03.2024 Audited £m	31.03.2025 Audited £m	31.03.2026 Unaudited £m
LISTED OWN-NAME BONDS			
Southern Housing Finance plc 2.857% 2035	350	350	350
Southern Housing 2.375% 2036	300	300	300
Southern Housing 4.500% 2039	75	75	75
Southern Housing Finance plc 5.250% 2043	400	400	400
Southern Housing 3.500% 2047	300	300	300
Southern Housing Finance plc 3.283% 2048	400	380	380
Southern Housing 5.625% 2054	-	250	250
Sub-total	1,825	2,055	2,055
LONG-TERM FINANCE AGGREGATORS			
The Housing Finance Corporation	166	166	154
Affordable Housing Finance	150	150	149
Others	13	12	12
Sub-total	329	328	315
Bank term loans	402	303	293
Bank RCF drawings	605	688	740
Other facilities	7	2	2
Sub-total	1,013	992	1,035
Total debt outstanding	3,167	3,375	3,405
Undrawn revolving credit facilities	866	592	539
Cash and cash equivalents	109	84	75
Total liquidity	975	676	614
COMMITTED FUNDING HEADROOM			
Available vs capital commitments	184%	197%	264%
Forecast next funding need	42 months	56 months	42 months

Interest rate risk management

	FY 2023/24 Audited	FY 2024/25 Audited	FY 2025/26 Unaudited
Weighted average debt cost	4.19%	4.21%	4.18%
% of net debt on fixed basis	89%	91%	89%
Derivative mark-to-market (£m)	13	13	14
Average fixed % over the next 5 years	90%	93%	92%

Lender financial covenants

	FY 2023/24 Audited	FY 2024/25 Audited	FY 2025/26 Unaudited
Total debt outstanding (£m)	3,167	3,375	3,405
OF WHICH WITHOUT CORPORATE FINANCIAL COVENANTS			
Long term publicly listed bonds (£m)	1,825	2,055	2,055
Other debt (£m)	336	330	317
Drawn debt proportion with no interest cover covenants	68%	71%	70%
Actual interest cover	190%	194%	231%
Actual gearing test result	48%	49%	52%

- ◆ The reduction in our undrawn debt and cash reflects the tapering down of our development programme and will continue as our schemes complete.

About Southern Housing

Southern Housing is registered in England with limited liability under the Co-operative and Community Benefit Societies Act 2014 (registration number 8983) and is a Registered Provider of Social Housing whose activities are regulated by the Regulator of Social Housing (registration number 5171). Southern Housing has charitable status but is exempt from registration with the Charity Commission.

About Southern Housing Finance PLC

Southern Housing Finance plc (company number 07933814) is a wholly owned subsidiary of Southern Housing and issuer of secured bonds listed on the London Stock Exchange, whose net proceeds it on-lends to Southern Housing for its general corporate purposes.

Bloomberg ticker

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Important note

This publication contains certain 'forward-looking' statements reflecting, among other matters, our current views on markets, activities, and prospects.

Actual outcomes may differ materially. Such statements are a correct reflection of our views only on the publication date and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Financial results quoted are unaudited and do not include any updates on fair value movements in derivatives, pension schemes, or investments. No reliance should be placed on the information contained within this update.

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