



Unaudited Half-Year Summary Results

Six months to 30 September 2025

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From Tom Paul, CFO

Following Sarah Smith's retirement earlier this year, I'm pleased to share my first update as Chief Financial Officer. I'd like to thank Sarah for her leadership and steady hand. She leaves behind strong foundations for our continued financial resilience and transformation.

I'm pleased to report that we enter the second half of the year on track to deliver against our budget and continue our improving trajectory against our EBITDA-MRI interest cover golden rule.

Government policy

There have been a large number of public policy announcements since our last Trading Update in May and we do not yet have certainty on the policy landscape.

We have more clarity on:

- A 10-year, inflation-linked rent settlement of CPI+1%
- Equal access to the Building Safety Fund¹, regardless of tenure

We await more detail on:

- Rent convergence following consultation
- A new Decent Homes Standard following consultation
- Minimum Energy Efficiency Standards following consultation
- Grant rates and grant availability in a new Affordable Homes Programme
- Detail of "low interest loans" potentially available to support development activity

We anticipate further detail in these areas ahead of our next Trading Update in May 2026 and look forward to the long-term certainty we need to plan confidently for the future.

Access to the Building Safety Fund has previously only been available to Private Landlords with very limited access for Social Landlords. This new equal access will have the biggest positive impact on our financial health over the medium term, reflecting the scale of facade remediation work our survey programme has identified. We are, however, concerned about the potential cost

implications from the introduction of changes to Decent Homes Standard, which have the potential to outweigh the benefits of equal access to the Building Safety Fund and rent convergence combined.

With so many variables as yet unsettled we are not in a position to confirm whether we will be making a bid for grant and/or low interest loans to re-start our development programme. We will only do so if development activity doesn't delay recovery of our EBITDA-MRI interest cover golden rule.

Financial update

Our half year results show an operating surplus of £97m, a strong improvement on the same period last year (£68m). Our operating margin (excluding sales) is 25% (compared to 16% a year ago). Our EBITDA-MRI interest cover (excluding sales) currently stands at 84% (previously 46%). This metric is one of our golden rules with a target of 100%. We're expecting planned maintenance and major works spend to accelerate during the second half of this year though, which will moderate this stronger performance. Our sales performance of 196 homes sold is also an improvement compared to the same period last year (69).

In August we published our [Financial Statements](#) and [ESG report](#), and later our [Allocations and Impact Report](#) for our 2054 Sustainable Bond. This confirmed that all proceeds had been fully allocated in line with our Sustainable Finance Framework.

We also had our annual credit rating updates. Moody's affirmed our A3 rating and as expected Fitch revised our rating to A-. Both have a stable outlook.

Governance update

We're delighted to welcome Trudi Elliott CBE as our new Designate Chair of the Board, ahead of Sir Peter Dixon's retirement later this year. Trudi brings extensive experience across housing, planning, academia, and government. Formerly Chief Executive of the Royal Town Planning Institute and Vice Chair of Sanctuary, she is also currently Chair of the Planning Inspectorate.

¹ And its successor programme, the Cladding Safety Scheme

Business update

We recently published our second set of annual [Tenant Satisfaction Measures](#) (TSMs), which show us performing strongly in several areas compared to peers. The results show that 78% of our residents feel they have a safe home and 80% feel we treat them with fairness and respect. We're pleased with these scores but remain focused on improving the areas that matter most to residents, particularly our repairs service. Good progress has been made on this journey, but there's more to do.

Our post-merger integration is now complete. With a few exceptions, all people, data, systems and processes are unified. We did not experience major cost overruns or delays, and are pleased to have exceeded our post-merger cost efficiencies of £25m a year ahead of schedule. Focus now is on our transformation programme, which has a dual mission of contributing to further cost efficiencies while also improving resident experience.

Areas of emphasis for our transformation programme are resident communications; repairs; and service charges. These areas all offer scope to drive up resident experience and to drive down costs.

Repairs

Awaab's Law came into effect on 27 October 2025, placing a legal duty on all social landlords to act promptly when hazards such as damp and mould are identified. All significant damp and mould hazards must be investigated within 10 working days, and emergency hazards mitigated within 24 hours.

To prepare for this we've strengthened our approach by creating a dedicated Damp and Mould Team, improved digital and call-handling systems so cases reach specialists quickly, and updated our policies, frameworks, and colleague training. We've also introduced new data and reporting tools to monitor compliance and support early intervention.

Through our Repairs Transformation programme, we're redesigning services from the ground up, aligning systems, processes, and people to deliver faster, smarter, and more consistent repairs. Our initial focuses have been on our voids and lettings process, with a view to reducing void rates, and on reporting of repairs by residents and colleagues. Over the year ahead we will be reviewing our scheduling, diagnostics, reporting and resident communication.



Tom Paul
Chief Financial Officer



Financial performance

Income and expenditure

	H1 2024/25 Unaudited £m	FY 2024/25 Audited £m	H1 2025/26 Unaudited £m
Total turnover	313	674	343
Rent, service charge & other income	297	615	317
Initial sales	9	45	25
Open market sales	7	14	1
Fixed asset disposals	20	46	17
Operating surplus	68	123	97
Operating margin excluding sales	16%	13%	25%
Surplus after interest	11	10	39

Cashflows

	H1 2024/25 Unaudited £m	FY 2024/25 Audited £m	H1 2025/26 Unaudited £m
Cash from operations	107	225	149
Investing activities	(174)	(306)	(147)
Financing activities	52	71	(22)
Short term investments	13	3	(13)
Net change in cash	(28)	(12)	(6)
EBITDA MRI net cash interest cover (excluding sales)	46%	27%	84%

Balance sheet

	30.09.2024 Unaudited £m	31.03.2025 Audited £m	30.09.2025 Unaudited £m
Total social housing assets (historical cost)	6,211	6,235	6,329
Total debt	3,298	3,375	3,427
Cash & cash equivalents	81	84	78

- Overall our surplus is on track to meet the budget for the year
- Turnover has risen compared to this time last year, mainly due to the annual rent increase and the letting of new homes built
- First tranche sales of shared ownership homes are well ahead of last year, fixed asset disposals have held up well, while our small number of sales to the open market have been slower than expected
- Maintenance and major repairs spend have been slower than expected (see Property Management below), resulting in a strong EBITDA MRI interest cover golden rule result; however this is cyclical and we expect it to moderate as works programmes accelerate in the second half of the year
- Our drawn debt has risen by a modest £52m during this financial year, reflecting the gradual phasing down of our development programme.

Operating performance

General needs and HOPS² key operational indicators

	H1 2024/25 Unaudited	FY 2024/25 Audited	H1 2025/26 Unaudited
Percentage of vacant homes available for lettings	0.6%	0.7%	0.5%
Overall rent arrears	4.5%	4.3%	4.5%

- We've seen initial improvement in the percentage of vacant homes available for letting following our improvements to our voids and lettings processes
- We're working to reduce turnaround times for our repair works on voids
- This will continue to be a focus of our transformation programme
- The number of our residents claiming Universal Credit (UC) has now surpassed 25,000 as the transition from legacy benefits continues.

² Homes for Older People

Property management

Expenditure

	H1 2024/25 Unaudited £m	FY 2024/25 Audited £m	H1 2025/26 Unaudited £m
Routine maintenance	50	103	46
Planned maintenance	49	99	39
Major repairs	18	31	2
Capitalised repairs	48	101	50

Property Management Spend

- We aim to increase our investment in major works this financial year above 2024/25 levels, underlining our commitment to improving homes, enhancing sustainability, and delivering long-term value
- To achieve this, we're transitioning to a new delivery model for fire remediation works, designed to accelerate delivery, compliance with new regulation, and enhance efficiency
- As part of this implementation, we've changed our contract strategy to retain our existing main contractor and finalised a deed of variation to agree requirements to comply with new regulation
- These steps put us in a strong position to procure additional contractors as required under standardised terms, enabling faster mobilisation and greater capacity to meet the Joint Plan³ deadlines
- The complexity of works on site, particularly where multiple safety interventions are required, has contributed to longer mobilisation and delivery times. This reflects our commitment to quality and regulatory compliance
- We expect the rate of expenditure to accelerate significantly in the second half of the year as the new model beds in and delivery gains momentum
- Major works spend has also been affected by lower than expected grant funding delaying parts of our retrofit programme, and planning permission challenges for window and door replacements. We still aim to meet our retrofit and major works investment goals by year end.

Fire Safety Programme

- Our fire safety programme continues to make strong progress. At the end of the period, 93 PAS 9980 surveys were in progress out of 226 left to do, demonstrating momentum and focus
- The number of blocks requiring a PAS 9980 survey has increased by 23, reflecting our proactive approach to identifying and addressing risk
- Through our rolling fire risk assessment programme, we are 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.

Awaab's Law

In addition to the preparations outlined earlier, we've:

- Rolled out an updated repairs app for residents and colleagues and introduced a new hazard impact questionnaire
- Created an Awaab's Law compliance dashboard, agreed data standards with contractors, and launched a dedicated intranet site to support colleagues.

³ See our [Joint Plan to Accelerate Remediation of Social Housing](#)

*Including allocated overhead

Property development and sales

New homes

	H1 2024/25 Unaudited	FY 2024/25 Audited	H1 2025/26 Unaudited
Started in the period	91	127	39
Completed in the period	156	807	293
Sold in the period	69	389	196
In contract at the reporting date	3,164	2,609	2,350

Investment in new homes

	H1 2024/25 Unaudited £m	FY 2024/25 Audited £m	H1 2025/26 Unaudited £m
Spent during the period	149	229	91
Future spend in contract	411	343	262

New homes available for sale at the reporting date

	30.09.2024 Unaudited	31.03.2025 Audited	30.09.2025 Unaudited
Open market sales	25	21	61
Including unsold over six months	23	21	19
Shared ownership first tranche	149	211	208
Including unsold over six months	132	59	97

- 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
- We've sold more homes than this period last year, as more homes became available for sale in the period
- Our open market sales risk remains at modest levels, reflecting the strategic decision to reduce exposure to this market
- Some schemes are selling more slowly due to local competition. At a scheme in Ealing we've seen a strong rate of sale reflecting the desirable location and quality of the homes
- The number of unsold shared ownership homes has reduced marginally since year end.

Funding and liquidity

Funding sources

	30.09.2024 Unaudited £m	31.03.2025 Audited £m	30.09.2025 Unaudited £m
LISTED OWN-NAME BONDS			
Optivo Finance plc 2.857% 2035	350	350	350
Southern Housing 2.375% 2036	300	300	300
Southern Housing 4.500% 2039	75	75	75
Optivo Finance plc 5.250% 2043	400	400	400
Southern Housing 3.500% 2047	300	300	300
Optivo 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	155
Affordable Housing Finance	150	150	150
Others	13	12	12
Sub-total	329	328	317
OTHER FACILITIES			
Bank term loans	385	303	296
Bank RCF drawings	758	688	758
Other	2	2	2
Sub-total	1,144	992	1,055
Total debt outstanding	3,298	3,375	3,427
Undrawn revolving credit facilities	713	592	522
Southern Housing 5.625% 2054	250	-	-
Cash and cash equivalents	81	84	78
Total liquidity	1,044	676	600
COMMITTED FUNDING HEADROOM			
Available vs capital commitments	254%	197%	229%
Forecast next funding need	36 months	56 months	48 months

● In September we updated our EMTN programme

● We fully allocated the proceeds of our 2054 Sustainable Bond to eligible projects under our Sustainable Finance Framework – see our [Allocations & Impact Report](#)

● We continue to expect 2025/26 to be our peak debt year until we recommence development commitments.

Interest rate risk management

	H1 2024/25 Unaudited	FY 2024/25 Audited	H1 2025/26 Unaudited
Weighted average debt cost	4.19%	4.21%	4.21%
% of net debt on fixed basis	89%	91%	89%
Derivative mark-to-market (£m)	9	13	9
Average fixed % over the next 5yrs	89%	93%	90%

Lender financial covenant headroom

	30.09.2024 Unaudited £m	31.03.2025 Audited £m	30.09.2025 Unaudited £m
Total debt outstanding	3,298	3,375	3,427
OF WHICH WITHOUT CORPORATE FINANCIAL COVENANTS			
Long term publicly listed bonds	1,825	2,055	2,055
Other debt	331	330	317
Drawn debt proportion with no interest cover covenants	65%	71%	69%
INTEREST COVER HEADROOM VS TEST THRESHOLD			
Actual interest cover (lender threshold > 125%)	201%	194%	242%
Earnings could fall by (£m)	35	64	59
Interest expense could rise by (£m)	28	51	47
GEARING HEADROOM VS TEST THRESHOLD			
Actual gearing (lender threshold < 70%)	48%	49%	50%
Debt could rise by (£m)	1,446	1,425	1,423
Assets could fall by (£m)	2,066	2,036	2,033

- Our headroom over our lender interest cover for the first 6 months has improved compared to the same time last year mainly due to higher turnover and lower maintenance costs than last year.

Future key dates

Unaudited full-year summary results

May 2026

Bond property security valuation reports

May & July 2026

Non-deal roadshow for bond investors

Summer 2026

Audited financial statements

By September 2026

Sustainability Reporting Standard ESG report

By September 2026



About Southern Housing

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About Optivo Finance PLC

Optivo 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. No reliance should be placed on the information contained within this update.

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