Sanctuary

Annual Report & **Financial Statements**

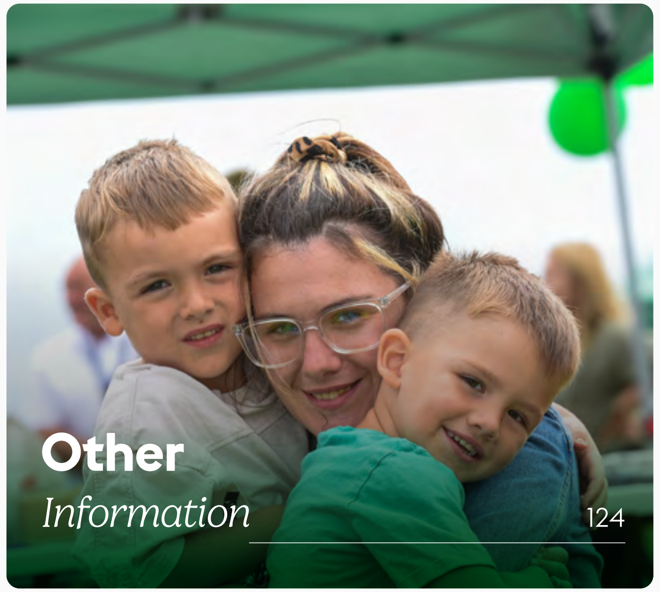
2025/2026

Contents

↑ **Pictured:** Shamsur, Chair of the Blackwall Reach Estate Residents' Committee, with Ged Lawless, Building Safety Technical Lead

↑ **Pictured:** Resident, Martyn, with Nikki McDivitt, Local Service Manager

↑ **Pictured:** Beechwood development in Basildon



↑ **Pictured:** Customer Focus Day in Ely

↖ **Pictured on the cover:** Resident, Eileen, and her daughter, Allison

Year At A Glance
2025/2026 Highlights

Homes in management
↓ **125,386**

Group revenue
£1,216.6m
↑ 3.2% growth

Group credit ratings

A2 Moody's

A Standard & Poor's

Housing regulator rating

G1 Governance

V2 Viability

C1 Consumer

Care Quality Commission ratings - Supported Living
(Good or Outstanding)
↑ **97%**

Care Quality Commission ratings - Sanctuary Care
(Good or Outstanding)
↑ **96%**

Care Inspectorate ratings - Sanctuary Care
(Good or Higher)
↑ **100%**

↖ **Pictured:** Celebrating Gold accreditation by Investors in People

Year At A Glance

2025/2026 Highlights

Energy Performance Certificate ratings – Average rating

↑ **71.8**

Carbon emissions – Tonnes of CO_2e per employee

↓ **2.84**

Gas safety checks

↑ **99.7%**

Fire safety checks

↑ **99.9%**

Asbestos safety checks

↑ **100%**

Employee engagement – Your Say engagement score

↑ **80%**

Housing resident satisfaction

↓ **63%**

Care resident satisfaction

↑ **96%**

Underlying operating surplus margin

↓ **19.0%**

Operating surplus margin

↑ **19.7%**

Capacity – Cash, undrawn facilities and available security

↔ **2.2bn**

New homes built

↓ **790**

Homes on-site and in development

↓ **2,469**

Vacant stock

↑ **2.6%**

Void loss

↑ **1.9%**

Care occupancy

↑ **90.2%**

Student occupancy

↑ **96.0%**

↖ **Pictured:** Colleagues discussing our Customer Experience programme

Group Chair's *Statement*

I take huge pride in the work our teams have delivered during my tenure to embed truly customer-centred services across the organisation, and ensure our residents are at the heart of everything we do.

We are entering one of the most significant periods our sectors have experienced in recent years.

There are many opportunities ahead – alongside real challenges – and I firmly believe that Sanctuary's size, strength and resilience place us in a strong position to deliver for both the country and the communities we serve.

This position is built on strong governance, financial stability and sustainable growth. These principles have guided everything we have delivered during my eight years as Group Chair.

In 2018/2019, we managed just over 100,000 homes. Today, we manage more than 125,000.

This growth reflects our commitment to developing new affordable homes where they are needed most.

We have proudly worked with Homes England as a strategic partner since 2021.

It also reflects our focus on strategic growth, including mergers and acquisitions which bring genuine benefits to the organisation and to the customers we serve.

We also need to continue driving investment into our homes for the benefit of customers. For the last four years we have delivered significant investment in our stock. This, however, does not come without its challenges and so we need to continue to find creative ways to generate income which allows us to invest in our core services.

An example of this is our planned sale of some student assets which will provide funding for this continuing work.

Strength, sustained growth and investment don't happen on their own. Sanctuary's people remain one of our strongest assets.

Our commitment to being an employer of choice is reflected in our Scotland team achieving the Group's first Platinum Investors in People accreditation, with Gold accreditation across all other operations.

I take huge pride in the work our teams have delivered during my tenure to embed truly customer-centred services across the organisation, and ensure our residents are at the heart of everything we do. This has been recognised in our award of C1 rating from the Regulator of Social Housing for consumer standards.

↑ **Pictured:** Group Chair, Andrew Manning-Cox, Group Chief Executive, Craig Moule, Housing Manager, Lorraine Quinn, and Housing Officer, Katie Martin

Group Chair's *Statement*

A notable example of our work in this area is our continued investment in major transformation programmes which improve services for customers and colleagues.

Our OneProperty programme has transformed how we manage repairs and maintenance. Our upcoming Customer Experience programme will bring a step-change in how customers experience and engage with our services.

Across our Care and Supported Living operations, our commitment to delivering services designed for people, not profit, is once again reflected in our regulatory ratings.

In our Care business, 96% of our homes are rated 'Good' or 'Outstanding' by the Care Quality Commission in England and 100% as 'Good' or higher by the Care Inspectorate in Scotland.

In Supported Living, 97% of our services are rated 'Good' or 'Outstanding' by the Care Quality Commission – a further increase of 2% compared to the previous year.

← **Pictured:** Group Chair, Andrew Manning-Cox, and Group Chief Executive, Craig Moule

In everything we do, the safety of our homes will always be paramount. As the regulatory landscape has evolved, we have continued to invest in building safety – enhancing fire safety measures across thousands of homes and delivering remediation works where required.

We have also made significant progress in improving the sustainability of our homes.

As a strategic partner under the Government's Warm Homes: Social Housing Fund Wave 3, we secured almost £50 million in grant funding to improve energy efficiency in our homes in England.

This builds on our role in the Greener Futures Partnership, through which we secured £15 million under Wave 2.1 to improve nearly 2,500 homes to EPC Band C.

As I prepare to step down as Group Chair, I do so knowing that we have strong succession planning and effective governance in place. I am confident that Sanctuary will continue to build on its achievements and deliver for the years ahead.

Andrew Manning-Cox
Group Chair

2 July 2026

Group Chief Executive's *Statement*

As one of the country's leading social housing providers, we remain ready to work with Government to help deliver the affordable homes the country urgently needs. However, we will continue to balance this commitment with our responsibility to reinvest in our existing homes.

The past 12 months have brought renewed focus on the housing sector, perhaps more than at any point in recent years.

A series of funding and policy announcements, alongside regulatory changes, continue to shape the landscape for housing providers now and in the future.

Our customers remain at the heart of everything we do. As one of the country's largest housing providers, it is important that we keep listening to customers and improving our services.

This has been recognised by the Regulator of Social Housing, which awarded us the highest consumer rating, C1. The rating reflects the quality of our services, our strong focus on consumer standards, and our commitment to listening and learning from customer feedback. Of course there is always more we can do to be better and we will aim to build on this achievement.

Our corporate strategy 2026-2030, launched earlier this year, positions us well to continue building on this achievement, while responding to the challenges and opportunities ahead.

It sets out our commitment to being a progressive and resilient organisation that delivers high-quality services, homes and support for the people and communities we serve.

It also defines the four strategic outcomes against which we will measure success: customer-centred services; homes fit for the future; sustainable growth and development; and high-performing teams.

Alongside this, we launched our first young persons' strategy, 'Sanctuary Horizons'. It's vital that we engage closely with younger generations – both customers and colleagues – and work with them to break down barriers, widen opportunities and drive meaningful change.

We remain well positioned to deliver on our ambitions thanks to our continued focus on strong governance and financial resilience.

Over the past year, we have continued to grow and invest in our services for the benefit of customers.

Pictured: Group Chief Executive, Craig Moule, at the Meet the Chief Exec event in Basildon

Group Chief Executive's *Statement*

We again delivered significant reinvestment in our homes, spending £126.5 million during 2025/2026. This ongoing investment helps ensure our homes remain safe, secure and fit for purpose – and where customers feel proud to live.

Alongside this investment, we maintained a strong and stable financial position, achieving continued revenue growth and a second consecutive year of margin stabilisation.

As part of our long-term planning, we are progressing the sale of some of our student accommodation assets.

We also completed the sale of a number of shared ownership homes, with discussions ongoing around additional potential sales.

These transactions help us unlock and recycle capital so we can continue making the right level of investment in existing homes and services across the organisation. We will only move forward where doing so aligns with our strategic objectives and is the right decision for customers.

Looking ahead, it is clear the landscape is shifting significantly for the social housing sector.

The 10-year rent settlement and the £39 billion Affordable Homes Programme provide clarity and confidence to be more ambitious with our development strategy.

As one of the country's leading social housing providers, we remain ready to work with Government to help deliver the affordable homes the country urgently needs.

However, we will continue to balance this commitment with our responsibility to reinvest in our existing homes.

We also welcome the Government's commitment to improving social housing quality and support reforms such as the new Decent Homes Standard and Minimum Energy Efficiency Standards.

We recognise that new regulatory requirements, alongside the introduction of Awaab's Law, will require further investment at a time of continued economic pressure.

We continue to engage closely with wider policy developments, including the Supported Housing (Regulatory Oversight) Act 2023 and the ongoing Casey Commission into adult social care – both of which are significant for the customers and communities we serve.

These are areas that provide safe, secure homes for some of the most vulnerable members of society. Long-term planning and sustainable investment are essential.

The operating environment remains complex. We are experiencing challenging times geopolitically and there are clearly a lot of uncertainties in the world which increase risk and make strategic planning complicated. Pressures persist with increasing fuel and energy costs, political uncertainty is growing, and the need for good-quality, affordable homes has never been greater.

But through strong governance, financial stability and the commitment of our colleagues, we remain well placed to deliver on our objectives, uphold our social purpose and make a positive difference.

Finally, I would like to thank our outgoing Group Chair, Andrew Manning-Cox. During his tenure he has overseen a period of sustained growth and significant change – including successfully navigating the business through the Covid-19 pandemic, the large-scale rescue of Swan Housing in 2023, followed by the acquisition of Johnnie Johnson Housing in 2024.

Andrew's commitment, experience and leadership have been central to much of what we have achieved over the past eight years, and we wish him well for the future.

Our Group Chair-elect, Ros Kerslake, will succeed Andrew in September 2026.

Ros is a highly experienced and respected figure in the housing and property sector and has already played a valuable role in shaping our success during her four years as a Group Board member.

I'm delighted this will continue as she steps into the role of Group Chair.

Craig Moule
Group Chief Executive

2 July 2026

Resident Advisory Panel And Resident Scrutiny Panel Chairs' *Statement*

> **Both the Resident Advisory Panel and Resident Scrutiny Panel have again played an active role in shaping Group strategy. This year, a key area of focus for the panels has been to constructively challenge the Group on the balance between financial viability and service delivery to our customers.**

Customer voice continues to play an essential role in shaping Sanctuary's decisions and improving services.

This genuine, two-way relationship is fundamental to achieving fair and positive outcomes for residents.

Over the past year, we have seen customer influence continue to grow across the organisation in both strength and reach.

As Chairs of the Resident Advisory Panel and Resident Scrutiny Panel, we see this from two perspectives: as residents with lived experience, and through our direct involvement in governance and decision-making.

From both perspectives, it is clear that Sanctuary is committed to embedding customer voice in the way it operates.

This year, Sanctuary launched its new resident engagement strategy, Stronger Together. It has been co-created with direct input from thousands of residents on what matters most to them, what works well, and what could be improved.

This collaborative approach helps turn resident feedback into practical action. We welcome the way this strategy places customer voice at the centre of service design and improvement.

In addition, more than 14,000 customers have taken part in local engagement activities. This level of involvement shows that residents are choosing to contribute in ways that suit them, whether through Customer Focus Days, drop-ins, walkabouts or digital feedback channels.

All of Sanctuary's resident involvement work continues to be underpinned by the Customer Outcomes Framework. Developed with the Resident Advisory Panel, the framework is based on what residents have said matters most: feeling proud, feeling safe and feeling respected.

To date, the framework has captured feedback from more than 100,000 customer interactions, providing insight into key moments in the customer journey, from reporting a repair, to contacting the Customer Hub, or moving into a new home.

Pictured: Alan, a Sanctuary resident and Vice Chair of the Resident Advisory Panel

Resident Advisory Panel And Resident Scrutiny Panel Chairs' *Statement*

This provides authentic, real-time feedback and insight that only residents can offer. This breadth of insight strengthens the work of our panels and helps ensure that strategic discussions remain rooted in everyday experience.

Customer influence has also deepened within Sanctuary's governance structures. We, and our panel Vice Chairs, now sit on the Group Housing Board, strengthening the way customer voice informs decision-making at a strategic level.

To support this, Sanctuary has invested in a dedicated Board Effectiveness programme for resident members of the Group Housing Board. This has been valuable in strengthening our contribution. It helps ensure that when customer representatives speak at Board level, we do so with the clarity, knowledge and confidence needed to influence outcomes.

Both the Resident Advisory Panel and Resident Scrutiny Panel have again played an active role in shaping Group strategy. This year, a key area of focus for the panels has been to constructively challenge the Group on the balance between financial viability and service delivery to customers.

Residents have also been closely involved in preparing for changing regulatory requirements, including Awaab's Law and the new Decent Homes Standard. This helps ensure that Sanctuary's approach and readiness are informed by lived experience.

Resident quality assurance has also been introduced into the complaints process. This has strengthened scrutiny, adding insight that performance data alone cannot provide.

We have seen this strengthen transparency and support a culture of learning, particularly in how outcomes are communicated and how resolution decisions are experienced by residents. It has also helped highlight where small changes could prevent issues from recurring.

Residents are also playing an influential role in Sanctuary's largest-ever transformation project, the Customer Experience programme. Through the Customer Governance Group, residents have helped shape priorities, test proposed solutions and keep customer needs at the centre.

Nearly 1,500 customers have been directly involved in the programme since it began, offering feedback on everything from communication style to service journeys.

A great deal has been accomplished over the last 12 months. Customer leadership within governance is becoming more embedded, the capability and confidence of involved residents continue to grow, and insight is richer and more immediate than ever.

Together, these developments are helping to deliver positive outcomes for customers and ensuring that what they say leads to meaningful, visible action.

This progress would not be possible without that support, and on behalf of our panels we would like to thank every resident who has contributed this year.

Your voice has helped shape decisions, challenge assumptions and improve services. We are proud to represent you, and proud of the progress that continues to be made with customers firmly at the centre of Sanctuary's work.

Deborah
Resident Advisory Panel Chair

Darren
Resident Scrutiny Panel Chair

Strategic *Report*

↖ **Pictured:** Resident, Freya, at Blacon Adventure Playground

Our Corporate Strategy *2026-2030*

We are committed to being a progressive and resilient organisation that delivers high-quality services, homes and support for the people and communities we serve.

This year, we launched our corporate strategy 2026-2030, which sets out what we aim to achieve over the next five years and how we plan to achieve it.

The strategy focuses on four key outcomes:

- **Customer-centred services:** delivering responsive, inclusive and high-quality services shaped by customer needs and experiences.
- **Homes fit for the future:** ensuring homes are decent, safe and secure, supported by strategic, data-led investment aligned to evolving customer needs.
- **Sustainable growth and development:** ensuring Sanctuary remains financially robust and resilient, guided by long-term sustainability.
- **High-performing teams:** creating an environment where colleagues thrive and are empowered to deliver great outcomes for customers.

Our approach to change is guided by three principles: ambition, empowerment and pace. We want to deliver meaningful outcomes quickly and efficiently by empowering colleagues at every level.

Strong governance and financial stability underpin our long-term success. Our new strategy strengthens our ability to work with customers to improve services and deliver our mission: to build affordable homes and sustainable communities where people choose to live.

Horizon scanning, strong sector links and careful financial planning are also essential to ensure we manage the risks posed by climate change.

Our priorities are supported by our Value For Money Statement, which ensures we make the best use of our resources. Key performance indicators are included in the Value For Money section of this report.

Read our corporate strategy

Customer-Centred *Services*

We put our customers at the heart of our work. Over the last year, we strengthened the way we listen, involve and respond to the people who live in our homes and use our services. We focused on making services more personal, easier to access and better connected to local needs.

Our progress has been recognised by the Regulator of Social Housing, which has awarded us the highest consumer rating, C1. While this is welcome, we know there is more to do, and we will continue working closely with our customers to deliver further improvements.

Our repairs performance showed a marked improvement, reflecting our commitment to ensuring our homes are safe and secure for customers. Non-emergency repairs on-time performance in England achieved 81.5% and emergency repairs achieved 93.3%. In Scotland, non-emergency repairs improved from 20.15 days to 16.84 days, and the time taken to carry out emergency repairs improved from 6.53 hours to 5.19 hours (within our 6-hour target). Repairs satisfaction in Scotland also rose to 82.5% from 77.7% during the year.

Another major step this year was launching our resident engagement strategy 2025-2028, Stronger Together. Built on 80,000 pieces of feedback from residents, it sets three priorities for the years ahead: local engagement, strategic influence and co-creation. We also delivered 2,214 local engagement events with 14,391 customers this year, led by local teams and focused on the issues that matter most within each community.

Residents' scrutiny and feedback mechanisms have also been strengthened, including live-streamed customer webinars with senior leaders, customer-led quality assurance of complaints handling, and immediate feedback embedded across key service touchpoints. As a direct result, we are now capturing more than 40,000 customer responses each year. This gives us a stronger insight into customer experience and clearer evidence of whether service improvements are being felt locally.

We also improved how customers access our services through accessible communication formats, including Braille, large print, audio and easy read. We also offer British Sign Language interpretation, written translation and both telephone and face-to-face interpretation services. For the first time, we produced service charge explainer videos in five commonly spoken languages and in British Sign Language.

Our Tenant Satisfaction Measures remained broadly in line with last year. Overall satisfaction saw a slight drop to 62.8% (63.9% in 2024/2025). Our aim is to keep improving our services using customer feedback.

There has been sustained improvement in complaints, as well as Housing Ombudsman outcomes. Severe maladministration findings reduced by 35% during the year, alongside a 3% reduction in the overall maladministration rate. Reasonable redress findings improved by 101%, reflecting stronger complaint handling, clearer accountability and a more consistent focus on learning and preventing recurrence.

↓ **Pictured:** Resident, Malcolm, with Partnerships Officer, Chermaine Jude

The Regulator of Social Housing has awarded us the highest consumer rating, C1

2,214 local engagement events with 14,391 customers

Customer-Centred *Services*

↑ **Pictured:** Resident, Geraldine

High-quality care continues to be underpinned by our Enriching Lives framework and co-production initiatives in our care homes. In Sanctuary Care we work closely with our residents to create spaces where they feel safe and valued, with a strong sense of belonging and significance. This is reflected in our Care resident satisfaction score of 95.6%.

Satisfaction scores also remained consistent across our supported living services at 94.15% for Care Quality Commission services and 90.87% for housing regulated services. Student satisfaction scores were 76%.

Several of our care homes achieved Veteran Friendly Framework status this year, recognising their tailored support for ex-service personnel and their families.

Technology investment is also central to how we transform and improve our services for customers. Our Customer Experience programme is designed to improve outcomes for customers, as well as supporting more efficient and joined up ways of working. Over the last year, progress continued through the build phase. The programme will introduce a new Customer Relationship Management system and customer portal, providing colleagues with a single, integrated view of customer interactions. This will support more proactive and informed decision making across repairs, complaints and tenancy management, making it easier for customers to choose how to engage with us. We have also invested in a new service charge programme that is improving the experience and providing greater transparency for customers on how we calculate service charges. Increased automation of services is improving processes for colleagues.

As part of our continued investment and modernisation of services, our Digital Switch programme is also underway which will see us upgrade all of our existing analogue lines to fibre across our services.

We continue to recognise the pressures customers face in our communities. In the last 12 months our Hardship Fund provided vital support to customers facing the ongoing pressures of the cost-of-living crisis. We supported 670 customers through £76,995 in direct financial awards. Beyond the immediate relief it offers, the fund plays an important role in building trust and deepening our relationships with customers at moments when pressures in their lives are increasing. By creating a safe and accessible route to ask for help, we are supporting wider challenges such as hoarding, mental health concerns and domestic abuse, and can connect customers with specialist local support.

Our partnership with Renaisi, experts in place-based change, has helped us better understand the difference our work makes. Renaisi specialise in using insight and learning to tackle complex social issues and make big ideas practical and accessible.

Our Sustainable Communities programme, which invested £2 million in customers and their communities, plays a key role in helping residents to feel safer and more connected to the people and the place where they live. Over the last year we have strengthened our focus on supporting local community capacity through our place-based partnerships network. Our charitable investment in 205 initiatives resulted in 38,622 moments of support and engagement to build relationships, connection, wellbeing, confidence and the skills needed for sustainable and thriving communities. 7,459 lives have been positively impacted by wellbeing projects this year.

A major area of innovation has been the development and learning generated through our connector model, which focuses on homelessness prevention through trauma-informed practice. Using strengths-based principles (Asset Based Community Development), our model strengthens social networks, builds trust and supports residents to feel a sense of connection and belonging.

Homes Fit For *The Future*

Homes In Management

We have a proud history of mergers, acquisitions and development, which has enabled Sanctuary to grow into one of the largest social housing and care providers in the UK. We own and manage 125,386 homes across England and Scotland.

Through the building of new high-quality, affordable homes and the regeneration of communities, we play a key role in tackling the national housing crisis. We work closely with local partners to develop homes for a variety of needs and styles, with the aim of creating sustainable communities where people choose to live.

Reinvestment In Our Homes

Ensuring our homes are safe, secure and decent is one of our key strategic objectives.

Alongside delivering new homes, we recognise the need to invest in our existing properties to ensure they meet customer expectations and regulatory requirements.

As a not-for-profit organisation, we reinvest all surplus income into our homes and services. During 2025/2026 we have once again delivered significant levels of gross reinvestment in our homes of £126.5 million. This investment improved their quality, safety and long-term sustainability for the benefit of our customers.

We have also continued with our programme of whole-home improvements across our care homes to improve facilities around residents' needs.

To support this commitment, we've launched a new place-based investment approach.

Initially focused on communities in Shiregreen, Ely, Witney and Torquay, the programme is shaped directly by customer voice and engagement. Through the pilot, we have invested around £10 million in 400 homes, combining upgrades, reinvestment works and repairs. This is enabling us to have greater impact across a community and deliver improvements that make a real difference to people's lives.

Group	2026 £m	2025 £m
Planned reinvestment	79.8	76.3
Responsive capital	36.6	40.9
Remodelling	6.9	11.0
Fire safety	3.2	3.2
	126.5	131.4
Grant funding	(10.9)	(9.8)
	115.6	121.6

During 2025/2026 we have once again delivered significant levels of gross reinvestment in our homes of £126.5 million.

	Group		Association	
	2026	**2025**	**2026**	**2025**
Social housing accommodation:				
General needs housing	64,268	64,072	47,473	47,497
General needs housing affordable rent	7,266	7,228	3,370	3,371
Supported housing accommodation	4,519	4,566	3,367	3,386
Supported housing affordable rent	140	140	7	7
Housing for older people	12,908	12,824	12,347	12,379
Housing for older people affordable rent	607	604	110	110
Social care homes	195	200	156	160
Keyworker (social lets)	1,335	1,415	509	509
Shared ownership	4,988	5,220	2,764	3,101
Home ownership	9,608	9,604	5,142	5,174
Social housing leased outside Group tenancy	421	369	213	171
	106,255	**106,242**	**75,458**	**75,865**
Non-social housing accommodation:				
Student and keyworker (non-social lets)	10,460	10,692	6,945	6,945
Registered care homes	5,559	5,643	1,891	1,910
Commercial	272	267	156	153
Market rented accommodation	175	182	71	79
Other non-social rental accommodation	425	425	-	-
Non-social leased housing	1,860	1,888	62	62
Non-social housing leased outside Group agreements	380	380	380	380
	19,131	**19,477**	**9,505**	**9,529**
Total homes in management	**125,386**	**125,719**	**84,963**	**85,394**

Homes Fit For *The Future*

We have also worked proactively to increase the information we hold about the condition of our properties. Over 90% of our homes have had stock condition surveys in the last five years, up from just over 20% three years ago. This improved data ensures we can plan our reinvestment work with more efficiency and to deliver the greatest possible impact.

In addition, we have strengthened the systems we use to manage repairs and compliance, as part of our wider repairs improvement plan. We have moved to a new way of working with Field Service Management and the Repair Centre Hub, supported by a dedicated Repairs Product team. These changes enable more consistent system improvements, which will help us deliver better outcomes, resolve issues faster and increase customer satisfaction with our repairs service.

With more than 125,000 homes under management, we will continue to reinvest in our homes and communities, drawing on data and the voice of our customers to inform our long-term strategic decision making.

Safety

The safety of our customers and our homes will always be one of our fundamental priorities. As a leading housing provider, we are committed to our dual responsibilities of keeping residents safe and meeting the requirements of the Building Safety Act.

During the year, we continued to make good progress in delivering our building safety programme, supported by sustained investment, strengthened governance and ongoing engagement with the Building Safety Regulator.

A key milestone was the achievement of six Building Assessment Certificates. These certificates provide independent assurance that safety case arrangements for higher-risk buildings meet regulatory expectations. Securing them demonstrates the maturity of our approach and the effectiveness of our engagement with the regulatory regime.

We have also continued to progress our external wall remediation programme, with an increased number of schemes on site during the year.

We have seen increased or maintained compliance safety scores across all areas of Tenant Satisfaction Measures, including 99.75% gas safety checks, 98.41% engineering, and 100% compliance for fire risk assessments, water hygiene assessments and asbestos surveys.

↑ **Pictured:** Compliance Assessor, Magdalena Jedryczka

↑ **Pictured:** Residents, Ziatat and Saliha, with Area Manager, Vanessa Brooks

These works have been prioritised based on risk and regulatory requirements, with delivery supported by robust programme management and procurement arrangements.

While we have set aside funding as part of our long-term financial planning, we have worked extensively to recover costs from either the original developers or the relevant Government funding schemes.

The introduction of Awaab's Law has brought significant changes and increased demand, with new ways of working introduced to ensure we respond in line with the new regulations.

We have created a new dedicated team and updated our processes and systems, ensuring we can respond to cases and take action quickly and efficiently. We continue to work closely with our customers to drive further improvements and prepare for the next stage of the legislation.

Against a backdrop of increasing regulatory oversight, we have continued to deliver strong operational performance in statutory compliance. We launched our Critical Repairs and Compliance programme, bringing together essential projects to improve building safety, meet compliance standards and strengthen the consistency of data we hold about our homes. We have seen increased or maintained compliance safety scores across all areas of Tenant Satisfaction Measures, including 99.75% gas safety checks, 98.41% engineering, and 100% compliance for fire risk assessments, water hygiene assessments and asbestos surveys.

Alongside the progress delivered through our wider Customer Improvement Plan, we have also strengthened the systems, processes and assurance frameworks that support building safety compliance.

This includes maintaining accurate and accessible building information, improving oversight of key risks and embedding learning from regulatory feedback and sector experience.

In all areas, resident communication and engagement remain central to our approach.

As regulatory expectations continue to evolve, we remain focused on embedding a safety-focused culture across all teams throughout our organisation.

The introduction of Awaab's Law has brought significant changes, with new ways of working introduced to ensure we respond in line with the new regulations.

Sustainable Growth And *Development*

In 2025/2026, we continued to take a strategic, balanced and responsible approach to growth. Our investment focused on delivering new high-quality homes, managing our assets wisely, supporting thriving communities and strengthening the long-term sustainability of our services.

During the year we completed 790 new homes, and are currently on-site and in development with a further 2,469 homes. While this is a small reduction from the previous year, it is in line with our strategic plans and development remains a key priority going forward.

We made strong progress across our development programme. In Scotland, the first open market homes at our landmark Victoria development in Glasgow were completed – an important milestone in transforming this major regeneration site. In Plymouth, we completed the first phase of the Barne Barton regeneration, delivering 28 new homes using our in-house Construction team. We also completed construction of our first Vivant Care care home in Dartmouth, Devon. The 63-bed home offers the highest quality of care and modern living for residents.

Our redevelopment of care homes in Cornwall also remained a key priority, as part of a strategic partnership with Cornwall Council.

We opened Blackberry Court Retirement Village in Streethay, Lichfield. Located at the heart of a new 500-home community, the village was designed jointly by our Development and Supported Living teams. It offers a range of homes, including for people aged 55 and over, providing independence, comfort and peace of mind in a connected, community-focused environment. These developments form a key part of our strategy to expand our care offer and ensure more people can access safe, modern and supportive living environments as they age.

We continued to take a strategic, long-term view of our asset portfolio to ensure it supports our core social purpose. As part of this, we are actively pursuing the sale of some of our student portfolio. Additionally, we completed the sale of a number of shared ownership homes and are considering further disposals – reflecting our commitment to thinking creatively about how we generate funds for core social housing.

To support our growth, we continue to strategically invest in technology that enhances the experience for our colleagues and customers, while positioning us so we can adapt quickly to future changes.

During the last 12 months we have expanded the impact of our Sustainable Communities programme through a new approach to how we fund community initiatives.

By working more closely with suppliers and partners, we are generating more social value investment through our partnerships to fund community activity, allowing us to focus more of our internal resources on improving homes, services and building safety.

↓ **Pictured:** Blackberry Court official opening

New homes completed
↓ 790

Homes currently on-site and in development
↓ 2,469

High-Performing *Teams*

Our colleagues remain central to Sanctuary's success. With more than 14,000 people delivering essential services every day, we are committed to creating the conditions where everyone can thrive, contribute and feel valued.

In 2025/2026, we made strong progress in strengthening our culture, developing our workforce and ensuring teams have the tools, environments and support they need to perform at their best. These improvements support our ambition to be an employer of choice and to build a motivated, skilled and inclusive workforce.

Employee engagement
– Your Say engagement score
↑ **80%**

Diversity and inclusion remain central to our culture. During the year, we launched our inclusive recruitment programme to widen access and remove barriers.

We launched our 2025-2028 people strategy, setting out a clear long-term plan for how we attract, develop and retain colleagues. The strategy focuses on leadership capability, future skills, wellbeing and building a culture where people feel empowered and supported. Alongside this, we introduced our young persons' strategy, 'Sanctuary Horizons', to strengthen pathways into employment and ensure younger colleagues have access to development opportunities, mentoring and progression routes. Together, these strategies demonstrate our commitment to building high-performing teams and ensuring Sanctuary remains a place where colleagues can build long and fulfilling careers.

Our continued focus on a people-centred culture has supported stronger retention across the Group. This has translated into staff turnover falling, helping build capability, protect service continuity and strengthen performance for customers.

Against an external backdrop of declining satisfaction, our latest employee engagement scores stand at 80%, with colleague feedback highlighting pride in working for Sanctuary.

We have continued to work with Staff Council representatives throughout the year to strengthen our employment offer, using colleague feedback to shape improvements to the everyday experience of working at Sanctuary. This year marks the 30th anniversary of our Staff Council, and it remains an essential forum for colleagues to share views and engage in open, honest conversations.

↑ **Pictured:** Staff Council Congress 2025

High-Performing *Teams*

↑ **Pictured:** Behind the Mask exhibition

Diversity and inclusion remain central to our culture. During the year, we launched our inclusive recruitment programme to widen access and remove barriers. We also introduced a new reasonable adjustments programme, making it easier for colleagues to request and receive the support they need.

Engagement across our four colleague networks – PRISM (LGBTQIA+), Race Equality, Parent, and Disability – remains strong. These networks play a vital role in shaping policy, raising awareness and creating a sense of belonging. The work of our Disability Network was a particular standout with its Behind the Mask campaign gaining industry recognition as an outstanding approach to employee engagement. The campaign explored masking through a colleague-led, creative exhibition at offices and schemes across the country to highlight how people hide their symptoms or struggles to try to 'fit in'.

Support for neurodiverse colleagues has also strengthened through the introduction of neurodiversity champions and a practical toolkit to help managers embed inclusive practices. We have also increased the amount of sensitive data we hold about colleagues, demonstrating their growing trust in sharing personal information which will support us to make Sanctuary even more inclusive for everyone.

Our Scotland team achieved the Group's first Platinum Investors in People accreditation, with Gold accreditation across all other operations. This reflects the strength of our offer and our commitment to being an employer of choice.

Through our Future Workspaces programme, we opened new office hubs in Chester and Manchester and continue to review our wider office footprint to ensure spaces support collaboration, hybrid working and value for money.

To support high-performing teams, we strengthened our digital infrastructure. We launched our new 2025-2028 technology strategy. This outlines how we will harness technology to support our teams and deliver against our strategic objectives.

In addition, we have completed our Next Generation Network programme, improving connectivity and Wi-Fi coverage across more than 700 sites, and have embraced the safe introduction and use of AI for colleagues to support them in their roles. We recognise that AI offers us real opportunities to work smarter, save time and improve the services we deliver.

We want colleagues to feel empowered to use these tools, while also making sure we use them responsibly and protect the customers we support.

These achievements reflect our commitment to developing skilled, supported and engaged colleagues who deliver excellent services for our customers.

Environment And *Sustainability*

Reducing our impact on the environment remains an important strategic objective for Sanctuary.

Our decarbonisation and net zero strategy 2023-2026 sets out how we are delivering on this priority through operational carbon reductions, retrofit works to improve the energy efficiency of our homes, and supply chain decarbonisation.

In 2025/2026, we reduced our operational carbon by 42% per home in management, and by 29% on an absolute basis, against a 2019/2020 baseline.

One of the key elements driving these reductions is our Group renewable electricity contract, which partially sources electricity through a virtual Power Purchase Agreement with a wind farm in Scotland.

We have also seen continued uptake of electric cars and vans across our fleet and salary sacrifice vehicles. Alongside this uptake, travel-saving initiatives across our Property Services operations have also played a part in reducing our operational carbon levels.

We are also seeing further benefits from the optimisation of our office estate through our Future Workspaces programme. Additionally, we are proud that our owned and managed offices are now ISO14001 accredited, the international standard for environmental management.

Beyond operational carbon, our decarbonisation and net zero strategy sets out the most material areas of greenhouse gas emissions.

Our priorities across our environmental workstreams are:

- Retrofitting our social homes, improving comfort and wellbeing for our customers.
- Reducing emissions from heating company buildings and spaces, saving carbon and cost.
- Decarbonising our fleet and supporting efficient business travel.

We continue to make progress in these areas. For example, under the Warm Homes: Social Housing Fund programme, we have been awarded £48.1 million in grant funding from the Department of Energy Security and Net Zero, which will fund energy performance improvements to over 7,800 homes: in 2025/2026, we delivered 1,253 of these. This work improves the quality of our homes and helps to protect customers from energy bill rises.

Along with decarbonisation, we are also increasingly focused on climate adaptation and risk. You can read case studies about our work on our sustainability hub.

We estimate that our Social Housing Decarbonisation Fund: Wave 2.1 programme has resulted in an average increase of **13.5 Standard Assessment Procedure (SAP) points** per home.

↓ **Pictured:** Head of Environment and Climate Change, Alice Lovatt, with resident, Eric

Energy Performance Certificate ratings –
Average rating
↑ **71.8**

Carbon emissions –
Tonnes of CO_2e per employee
↓ **2.84**

Our Carbon Footprint

In line with the Greenhouse Gas Protocol, our Operational Carbon Footprint includes all Scope 1 and Scope 2 carbon emissions, but also an aspect of Scope 3 emissions. Our Operational Carbon Footprint is made up of the emissions over which we have the most control and the greatest power to change as a business. They include:

- **Scope 1 emissions** – directly created and controlled by Sanctuary, such as those from our company fleet and boilers.
- **Scope 2 emissions** – those which are created elsewhere but consumed at Sanctuary's sites, such as electricity used in our company buildings.
- **Scope 3 emissions** – consists of indirect emissions over which we have limited control. However, business mileage is the one area of Scope 3 falling within our Operational Carbon Footprint due to scale of our business and the requirement for colleagues to travel.

We also report our Extended Carbon Footprint, which comprises all other indirectly controlled Scope 3 categories, including emissions from our supply chain and from customers living in our social housing.

While we are only required to disclose the Operational Carbon Footprint, the Extended Carbon Footprint enables us to fully evaluate how all activities at Sanctuary impact the environment. Calculating and publishing our Extended Carbon Footprint is a key indicator of our commitment to achieve net zero by 2050.

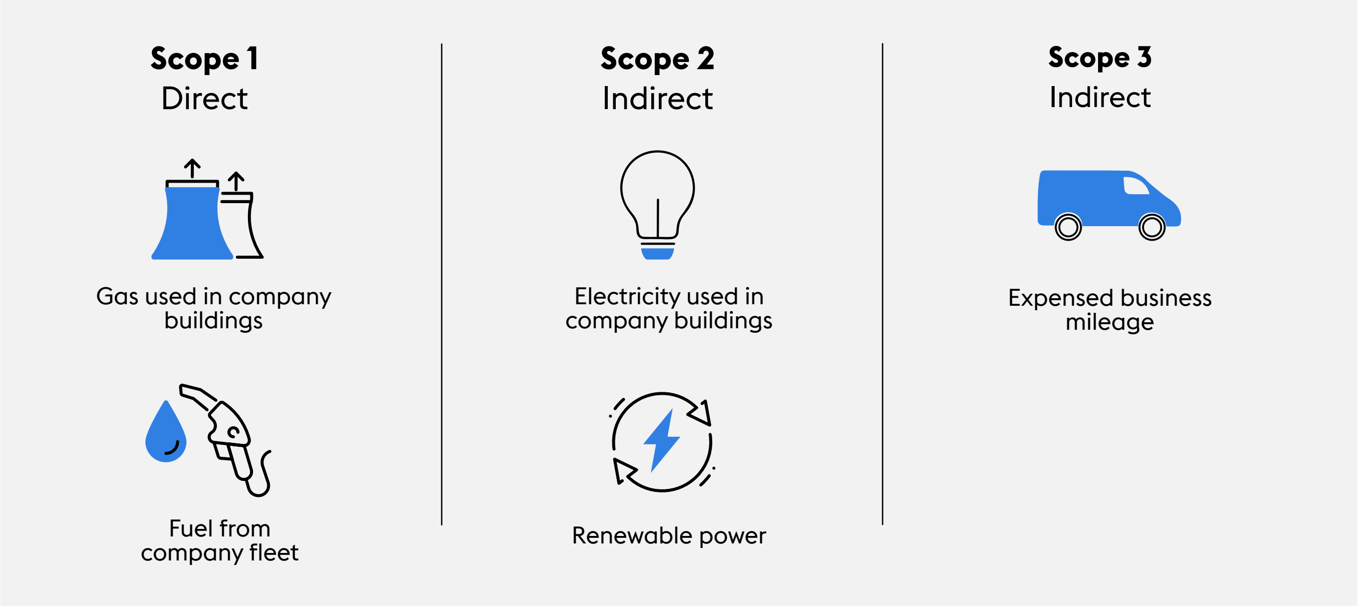
What We've Achieved In 2025/2026

Sanctuary continues to work towards three key decarbonisation targets. As part of the United Nations' Race to Zero campaign, we've committed to halve our Operational Carbon Footprint by 2030, significantly reduce our Extended Carbon Footprint by 2030, and reach net zero emissions across all activity by 2050 at the latest.

In 2025/2026, we achieved:

- **Operational carbon emissions** – 29% reduction absolutely and 42% reduction relatively against our 2019/2020 baseline.
- **Extended carbon emissions** – 30% reduction absolutely and 40% reduction relatively against our 2022/2023 baseline.

Group Operational Carbon Footprint



Group Extended Carbon Footprint

Environment And *Sustainability*

Evidence of our operational energy consumption and associated greenhouse gas emissions can be found below in our annual Streamlined Energy and Carbon Reporting disclosure. The methodology for these calculations can be found on page 129.

Sanctuary Group	2026	2025	Baseline (2020)
UK energy use			
Electricity (kWh)	68,800,839	77,743,894	70,310,337
Gas (kWh)	176,986,619	177,019,790	158,557,248
Transport (kWh)	33,594,376	31,608,116	34,417,046
Associated greenhouse gas emissions (GHG)			
Electricity (Tonnes of CO_2e)	0	1,178	19,497
Gas (Tonnes of CO_2e)	32,381	32,378	29,151
Transport (Tonnes of CO_2e)	8,603	7,918	8,930
Intensity ratios			
Tonnes of CO_2e per home in management	0.33	0.33	0.56
Tonnes of CO_2e per employee	2.84	2.91	4.17

Sanctuary Group - Targets	2027	2026
Tonnes of CO_2e per home in management	0.29	0.29
Tonnes of CO_2e per employee	2.35	2.35

We use intensity ratios to understand our carbon emissions in light of business growth.

We are pleased to see positive progress again this year in our environmental performance. Our operational emissions have reduced by 29% against our baseline year, despite managing over 20,000 more homes. On a relative basis, per home in management, operational emissions have fallen by 42%. This shows the significant impact of our electric vehicle programmes, green electricity contract, and heating reduction initiatives across a range of departments and assets.

We are also sharing the changes in emissions across our Extended Carbon Footprint over the last 12 months below. A positive reduction has been achieved across our extended emissions since our baseline year of 2022/2023. This year, we endeavoured to collect emissions data directly from Sanctuary's highest-emitting suppliers, which enabled us to get a more accurate picture of environmental performance per supplier. This has supported reductions in our carbon footprint and we look forward to engaging with more suppliers in the future.

Further analysis and commentary on our emissions changes can be found on the environment section of our sustainability hub.

Extended Carbon Footprint	2025/2026	2024/2025	2022/2023 Baseline
Purchased or Capital Goods and Services	121,152	158,244	187,039
Fuel & Energy Related Activities	11,757	13,871	11,442
Upstream Transportation and Distribution	2,676	4,920	13,071
Waste	1,105	2,022	3,763
Business Travel	442	650	307
Employee Commuting	8,172	8,860	18,555
End of Life of Sold Goods	64	89	65
Use of Sold Goods	29,902	34,120	50,896
Upstream Leased Assets	3,107	2,914	n/a
Downstream Leased Assets	167,248	198,810	202,992
Investments	1,760	1,479	6,633

Chief Financial Officer's *Review*

↑ **Pictured:** Chief Financial Officer, Ed Lunt

Underlying operating surplus margin
19.0%

Group credit ratings

Moody's	Standard & Poor's
A2	A

EBITDA MRI interest cover
110.2%

Introduction

During 2025/2026, we delivered a resilient financial performance in a year that was characterised by significant increases in employers' National Insurance contributions and the National Living Wage, with the effects largely mitigated through improved operating performance. Excluding new home sales, margins increased throughout the Group, reflecting increased occupancy within care and student accommodation and good repairs performance for our social homes. This enabled us to withstand the employee cost increases and higher compliance costs. The Group remained financially robust, operating within its Golden Rules, maintaining strong liquidity and credit metrics, and continuing to invest significantly in existing homes, services, technology and future growth, whilst implementing the necessary improvements to achieve a C1 consumer rating.

This year also saw improved operational performance following the full integration of recent acquisitions. Performance reflects the inherent strength of Sanctuary's diversified operating model, the benefits of scale, and a disciplined approach to financial management, while continuing to support our social purpose.

Financial Performance

Group revenue for the year was £1,216.6 million (2025: £1,179.3 million), representing growth of 3.2%. Revenue growth was driven primarily by increased rental income across the Affordable Housing portfolio, reflecting regulated rent increases and continued operational focus on effective letting and tenancy management, as well as improved occupancy and fee rates within Care. The Student business maintained high occupancy, continuing to contribute to Group revenue as divestment plans progressed. These increases were partially offset by a decrease in revenue from new home sales, as a result of a higher number of shared ownership first tranche sales and fewer outright sales due to a different portfolio mix coming to market this year.

The Group generated an underlying operating surplus of £230.6 million* (2025: £226.0 million). Increased operating costs were experienced during the year, particularly within our maintenance teams, where activity levels rose notably in response to regulatory changes, including Awaab's Law, alongside higher compliance and void-related works. Other key factors include improvements in customer-related activities and the increase to employers' National Insurance contributions and the National Living Wage. New home sales margins were also weaker than the prior year following losses recognised at two sites and a less favourable sales mix. Despite these pressures, strong performances across the Group's operating divisions supported by efficiency savings have led to the improved underlying operating surplus.

Operating surplus for the year was £239.2 million (2025: £215.7 million), an increase on the prior year. This reflects the absence of the development write down recognised at a single site in the prior year, together with a more favourable profile of fixed asset sales in the current year.

The underlying operating margin for the year was 19.0%* (2025: 19.2%), broadly consistent with the prior year and a continuation of the margin stabilisation seen over the last three years.Importantly, the underlying margin excluding sales of new homes improved to 20.3% (2025: 19.6%), demonstrating strengthening performance across the Group's core, recurring activities without the distortive effects of sales activities.

Underlying surplus for the year was £45.4 million* (2025: £48.4 million). Improved operating performance across the Group was offset by higher net interest costs, reflecting average funding levels and prevailing interest rates, resulting in a modest reduction in underlying surplus compared with the prior year.

*See footnote on page 29.

Chief Financial Officer's *Review*

The Group generated a surplus of £61.3 million (2025: deficit of £29.7 million). The year-on-year movement reflects a combination of stable underlying performance and a number of non-core items, including: a current year gain on the Phase 1 shared ownership sale; fair value movements on financial instruments; valuation adjustments in respect of student investment property; and losses on cessation of pension arrangements.

Taken together, these items resulted in a materially stronger statutory outcome than the prior year, which was significantly influenced by one-off transactions and valuation movements.

Operating performance across the Group demonstrated the advantages of scale and diversity in addressing sector-wide cost pressures. Affordable Housing income benefitted from rent increases and operational improvements, while ongoing demand growth and demographic trends supported continued momentum in Care. At the same time, costs associated with compliance, building safety and regulatory changes remained elevated.

Supported Living performance reflected the ongoing challenge of managing empty homes and workforce costs in a constrained commissioning environment, while Development activity was deliberately managed within a cautious risk framework in response to market conditions. The Student portfolio continued to perform strongly operationally, supporting Group income and cash generation while plans for divestment progressed.

Operating performance supported strong cash generation during the year, with cash generated from operating activities of £347.2 million (2025: £374.8 million). The reduction compared with the prior year reflects working capital movements, including inventory timing.

The Group closed the year with cash and cash equivalents of £137.0 million (2025: £159.6 million). Liquidity remained strong throughout the year, with available cash and undrawn facilities sufficient to cover approximately 23 months of committed expenditure. This remains comfortably above both the Golden Rule Hurdle and Trigger, providing resilience against economic and operational uncertainty.

We remain in robust financial health. Throughout the year, the Group:

- Maintained EBITDA MRI interest cover of 110.2%*.
- Operated comfortably within all covenant and Golden Rule parameters.
- Retained strong investment-grade credit ratings (Standard & Poor's: A stable; Moody's: A2 stable).
- Preserved significant financial capacity to support future reinvestment and growth.

While certain inflationary pressures have moderated, external uncertainty remains, including geopolitical risks, which may impact energy markets, energy intensive supply chain costs and broader economic conditions. However, the Group has reduced exposure to short-term volatility through its energy hedging arrangements for 2026/2027. Cost-of-living pressures persist for customers, and the sector faces increasing regulatory expectations alongside sustained wage, compliance and building safety cost pressures. Greater policy clarity around rent settlement and social housing investment provides improved visibility for long-term planning, but careful financial stewardship remains essential.

Against this backdrop, we remain focused on financial discipline, value for money and measured growth, while continuing to invest in the safety, quality and sustainability of homes and services for our customers.

Ed Lunt
Chief Financial Officer

The Group generated an underlying operating surplus of
↑ **£230.6 million**

Underlying surplus for the year
↓ **£45.4 million**

*See footnote on page 29.

Treasury

The Group's overall treasury management strategy seeks to maintain continued financial strength through policies which support strong cash and liquidity management (including cash flow forecasting), prudent interest rate and credit risk management, the management and monitoring of its debt obligations (including covenant compliance), and the securitisation of the assets utilised in support of those debt obligations. This includes sourcing and structuring liquidity to meet the Group's future cash flow requirements by reference to the long-term financial projections.

Cash And Liquidity Management

The cash position of the Group remains strong, with sufficient cash in hand and facilities to fund operations and committed capital expenditure for the next 23 months. The Group generated £347.2 million of cash from operating activities (2025: £374.8 million). At 31 March 2026, the Group had cash and undrawn facilities of £455.3 million (2025: £516.1 million).

The undrawn facilities available at year end totalled £318.3 million, including £214.8 million of revolving credit facilities.

The Group manages liquidity by preparing and monitoring cash forecasts on a daily, weekly, monthly and longer-term basis to ensure that short and medium-term cash requirements are met.

The forecasts are updated regularly to include sensitivity and scenario planning, ensuring that existing cash and available facilities cover at least 18 months of future committed spending requirements; at the reporting date it covered 23 months.

Loan drawdowns are carefully managed to ensure funding is available when required and ensure debt finance costs are minimised. Sanctuary utilises revolving credit facilities to meet short-term fluctuations in cash flow, including capital expenditure on new housing for shared ownership or for sale where cash receipts are received in the short to medium-term. Longer-term funding requirements utilise term-loan facilities and debt capital market issues where necessary.

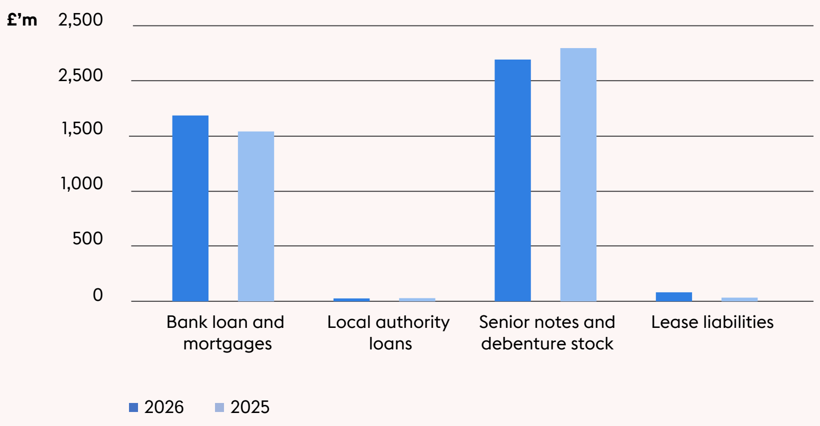
Debt Management

At 31 March 2026 the Group had total borrowings of £3,988.8 million (2025: £3,901.6 million), made up of bank loans, senior notes and debenture stock, local authority loans, and lease liabilities.

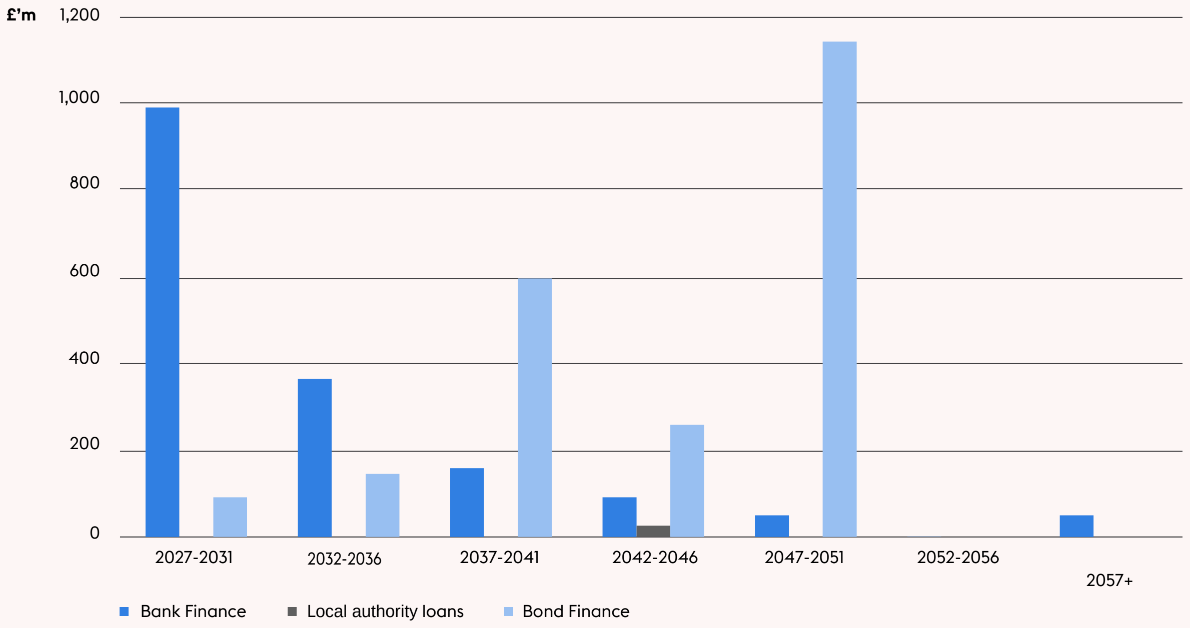
Undrawn facilities at 31 March 2026 totalled £318.3 million (2025: £356.5 million).

In the year to March 2026, £553 million was drawn on existing revolving credit facilities. The Group secured facilities of £425 million, comprising a renewal of £175 million of loan facilities and additional bank finance of £250 million.

Borrowings



Debt Maturity Profile



Chief Financial Officer's *Review*

On 31 March 2026 the Group published updated Programme Admission Particulars for its £2.5 billion EMTN programme. The programme provides the Group with the ability to issue multi-currency in both secured and unsecured format.

The Note programme documentation is available to view on the Sanctuary Group website on the Investors page.

Post year end, on 16 June 2026, the Group issued £350 million of secured sustainable Notes due 2035 under the programme. The Notes, rated A2 by Moody's and A by Standard & Poor's, carry a coupon of 5.625%.

Securing this bond issuance demonstrates the confidence investors have in the organisation. Proceeds will be allocated in accordance with the Group's Sustainable Finance Framework, supporting investment in existing homes and delivery of new affordable housing.

The weighted average duration of drawn fixed rate debt across the Group is 17.1 years (2025: 17.4 years). Our funding strategy is designed to monitor the debt maturity profile and thereby manage the refinancing risk across the Group, ensuring that there is not a concentration of refinancing risk in any 12-month period.

The Group is confident that its financial strength will allow it to refinance existing loans and finance the current business plan commitments at competitive rates. The Group has limited refinancing risk of 27.3% (£1,090.8 million) of existing drawn loans in the next five years (2025: 24.1%, £938.8 million). The Group anticipates funding this through a mix of fixed and variable interest rate facilities, operating activities, cash generated from property sales and Government grants.

Covenant Compliance

The Group regularly monitors financial and non-financial loan covenants, taking into consideration the headroom against them, and these are reported to Group Board, Group Audit and Risk Committee and subsidiary boards as appropriate. Key financial covenants include interest cover, gearing ratios and asset cover.

All covenants on loan facilities have been met during the financial year and were within the parameters of the Group's risk appetite hurdles, metrics, and trigger points. Based on the Group's financial projections and analysis, covenants will continue to be met.

Interest Rates

The Group operates an interest rate policy designed to reduce volatility in cash flow and debt service costs. Wherever possible, bank borrowing and long-term debt market facilities are structured to include interest payments on a fixed or hedged basis. The Group's policy is to ensure that a minimum of 75% of all debt is held on a fixed basis. At 31 March 2026, 77.4% of debt was fixed (2025: 81.2%) and 22.6% floating (2025: 18.8%).

Net finance costs on borrowings totalled £181.8 million (2025: £175.4 million).

The Group's cost of borrowing has decreased slightly to 4.65% (2025: 4.68%), reflecting changes in interest rates that have impacted variable rate borrowings. Interest cover has increased to 1.84 (2025: 1.80).

↑ **Pictured:** The Hawthorns development, Cambridgeshire

↑ **Pictured:** Volunteer, Alice, at Peat Road, Glasgow

Group's capacity

↔ **£2.2bn**

The EBITDA MRI interest cover was 110.2%* (2025: 110.2%), higher than the Golden Rule hurdle of 100%. The year end EBITDA MRI interest cover is within the range of the Group's optimum level of interest cover, balancing the need to ensure sufficient reinvestment in our homes whilst maintaining suitable headroom above the Group's interest costs.

Sanctuary has one stand-alone interest rate swap, entered into as part of a legacy project finance arrangement, which swaps a variable interest rate to a fixed rate. At the reporting date, a £0.1 million liability (2025: liability of £0.2 million) was recognised in respect of this derivative financial instrument. The requirement to collateralise this derivative is limited to the assets already securitised under this ring-fenced arrangement.

At 31 March 2026, the Group had US dollar denominated debt with an aggregate value of $80 million (2024: $80 million). A cross-currency interest rate swap is in place to hedge the risk of currency rate volatility in the future. This cash flow hedge derivative is recognised at fair value on the Statement of Financial Position; an asset of £26.2 million at the reporting date (2025: asset of £27.8 million). The counterparty is required to provide security, should the balance increase further, or its credit rating diminish. Its credit ratings are monitored on a monthly basis and assessed against exposure and collateralisation levels.

Property Securitisation

The Group primarily utilises its assets as security (collateral) for its debt obligations in line with individual borrowing agreements. Assets secured across a variety of these debt obligations support £3.6 billion (2025: £3.4 billion) of the Group's overall debt.

The Group's primary security pool contains 41,056 units (2025: 41,062 units) with an aggregate value of £3.5 billion (2025: £3.4 billion). The collateralised assets represent a broad geographical cross-section of the Group's housing properties across all of its key geographical locations. This pool supports all the debt issued by Sanctuary Capital PLC via the debt capital markets, together with other bank funding put in place via Sanctuary Treasury Limited, including the Group's available Revolving Credit Facilities.

The pool also comprises 709 unallocated units (2025: 723) with an aggregate value of £64.4 million (2025: £64.4 million).

Following the establishment of the £2.5 billion EMTN programme, the Group has also created a dedicated security pool to support debt issuances under this programme. As at 31 March 2026, no Notes have been issued under the EMTN programme; however, the associated security pool is already in place and comprises assets with a total value of £0.4 billion.

For all other secured borrowings, the Group undertakes regular revaluations of the security and (where funding arrangements allow) excess security is released from charge adding to the Group's pool of unencumbered assets, for future use as security.

Unencumbered assets total £2.6 billion (2025: £2.6 billion), but the required asset cover ratios reduce this by £0.9 billion (2025: £0.9 billion). The inclusion of cash and undrawn facilities of £0.5 billion (2025: £0.5 billion) then contributes to the Group's capacity figure of £2.2 billion (2025: £2.2 billion). This is well above the Group's Golden Rule Hurdle of £500 million.

Credit Risk Management

It is the Group's policy not to take or place funds with any financial institution that is not investment grade, requiring regular monitoring of credit ratings of all counterparties. Sanctuary continues to have strong Group investment grade credit ratings of A (Stable) (Standard & Poor's) and A2 (Stable) (Moody's).

*See footnote on page 29.

Five-Year Summary

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Income Statement					
Revenue	1,216.6	1,179.3	1,085.4	943.8	812.5
Cost of sales and operating exp. (underlying items)	(986.4)	(954.4)	(879.4)	(753.6)	(643.4)
Share of profit of joint ventures	0.4	1.1	0.7	4.2	3.1
Underlying operating surplus*	**230.6**	**226.0**	**206.7**	**194.4**	**172.2**
Write down of development site	-	(15.0)	-	-	-
Restructuring and integration costs	-	(1.9)	(4.1)	-	-
Building safety contractor recoveries	-	-	5.0	-	-
Other gains and losses	8.6	6.6	7.6	10.9	6.4
Operating surplus	**239.2**	**215.7**	**215.2**	**205.3**	**178.6**
Net gain from acquisitions	-	-	152.0	21.1	2.3
Gain/(loss) on disposal groups	7.6	(3.1)	-	-	-
(Loss)/gain on cessation of DB pension schemes	(4.6)	(7.5)	0.9	(6.2)	-
Net interest payable in respect of loans	(181.8)	(175.4)	(163.0)	(131.3)	(125.0)
Gain/(loss) on derecognition of leased assets	0.3	(10.8)	(8.2)	-	2.7
Fair value movement of investment property	-	(60.4)	0.3	(7.8)	-
Fair value movement of assets held for sale	(8.0)	-	-	-	-
Fair value movement of financial instruments	12.0	14.0	1.6	1.1	1.3
Provision unwind finance costs	(2.1)	(1.1)	(1.7)	-	-
Pension finance costs	(1.3)	(1.1)	(0.8)	(0.4)	(1.3)
Surplus/(deficit) for the year before tax	**61.3**	**(29.7)**	**196.3**	**81.8**	**58.6**
Surplus/(deficit) for the year before tax	**61.3**	**(29.7)**	**196.3**	**81.8**	**58.6**
Adjustments for:					
Write down of development site	-	15.0	-	-	-
Restructuring and integration costs	-	1.9	4.1	-	-
Building safety contractor recoveries	-	-	(5.0)	-	-
Other gains and losses	(8.6)	(6.6)	(7.6)	(10.9)	(6.4)
Net gain from acquisitions	-	-	(152.0)	(21.1)	(2.3)
(Gain)/loss on disposal groups	(7.6)	3.1	-	-	-
Loss/(gain) on cessation of DB pension scheme	4.6	7.5	(0.9)	6.2	-
(Gain)/loss on derecognition of leased assets	(0.3)	10.8	8.2	-	(2.7)
Fair value movement of investment property	-	60.4	(0.3)	7.8	-
Fair value movement of assets held for sale	8.0	-	-	-	-
Fair value movement of financial instruments	(12.0)	(14.0)	(1.6)	(1.1)	(1.3)
Underlying surplus for the year*	**45.4**	**48.4**	**41.2**	**62.7**	**45.9**
Statement of Financial Position					
Non-current assets	5,577.7	5,282.8	5,783.1	5,377.9	4,179.9
Current assets	808.8	1,066.9	514.3	552.9	410.1
	6,386.5	**6,349.7**	**6,297.4**	**5,930.8**	**4,590.0**
Current liabilities	526.3	705.6	549.8	650.3	303.5
Non-current liabilities	4,009.3	3,850.9	3,951.0	3,671.7	3,072.5
Reserves	1,850.9	1,793.2	1,796.6	1,608.8	1,214.0
	6,386.5	**6,349.7**	**6,297.4**	**5,930.8**	**4,590.0**
Statement of Cash Flows					
Operating surplus	239.2	215.7	215.2	205.3	178.6
Depreciation, amortisation and impairment	99.0	102.8	83.9	74.0	78.1
	338.2	**318.5**	**299.1**	**279.3**	**256.7**
Working capital movements	18.0	64.0	(3.8)	29.9	(20.0)
Other adjustments	(9.0)	(7.7)	(8.7)	(19.3)	(9.5)
Cash generated from operating activities	**347.2**	**374.8**	**286.6**	**289.9**	**227.2**
Finance costs less returns on investments	(192.3)	(189.9)	(176.8)	(141.8)	(136.1)
Acquisition, construction & improvement of assets	(355.3)	(313.1)	(327.9)	(250.6)	(234.9)
Cash flows from joint ventures	1.8	5.2	3.8	18.0	10.8
Business combinations (cost less cash acquired)	-	-	1.1	59.8	-
Capital grants (net) and sales proceeds	126.9	43.4	68.8	84.3	43.7
Net cash flow from financing activities	49.1	97.3	106.2	18.4	(303.3)
	(22.6)	**17.7**	**(38.2)**	**78.0**	**(392.6)**
Cash and cash equivalents at start of year	**159.6**	**141.9**	**180.1**	**102.1**	**494.7**
Cash and cash equivalents at end of year	**137.0**	**159.6**	**141.9**	**180.1**	**102.1**

Key Performance Indicators

	2026	2025	2024	2023	2022
Satisfaction – what customers think about our services					
Housing - resident satisfaction %	63	64	66	-	-
Care - resident satisfaction %	96	95	97	95	96
Satisfaction - maintenance %	74	74	83	78	96
Compliance - measurement against standards prescribed by regulating bodies					
Care Quality Commission rating % (Care)	96	95	95	94	90
Care Quality Commission rating % (SSL)	97	95	98	98	100
Care Inspectorate rating % (Scotland)	100	95	89	63	50
Properties with valid gas safety certificate %	99.7	99.6	99.6	99.7	99.7
Regulator of Social Housing governance	G1	G1	G1	G1	G1
Regulator of Social Housing viability	V2	V2	V2	V2	V2
Regulator of Social Housing consumer	C1	C2	-	-	-
Operational - evaluation of operational efficiency and effectiveness					
Occupancy - Sanctuary Care % (average for year)	90	90	88	86	82
Occupancy - Student % (year end)	96	95	93	92	90
Rent arrears %	3.12	3.04	3.24	3.25	3.21
Homes in management	125,386	125,719	125,094	119,695	105,509
Void loss %	1.9	1.7	1.7	1.8	1.9
Vacant stock %	2.6	2.5	2.7	-	-
Regulator of Social Housing social housing cost per unit £*	6,319	6,109	5,582	4,750	4,687
Average weekly fee rates - Care £	1,192	1,131	1,049	938	874
Debt - ability to service debt and secure funding					
Interest cover (excluding loan break costs) - times*	1.84	1.80	1.82	2.13	2.08
Regulator of Social Housing EBITDA MRI interest cover %*	110.2	110.2	105.0	119.4	128.4
Gearing %*	51.2	52.1	49.2	49.6	49.8
Regulator of Social Housing gearing %*	52.9	52.7	53.2	53.7	52.0
Capacity £m	2,181.1	2,173.2	2,033.0	1,960.8	1,789.0
% of debt under fixed interest rates	77.4	81.2	83.7	91.5	94.6
Standard & Poor's credit rating	A	A	A	A	A
Moody's credit rating	A2	A2	A2	A2	A2
Profitability - measurement of financial performance					
Underlying operating surplus margin %*	19.0	19.2	19.0	20.6	21.2
Operating surplus margin %	19.7	18.3	19.8	21.8	22.0
Regulator of Social Housing operating surplus margin (social) %*	29.9	29.3	31.1	33.1	35.7
Regulator of Social Housing operating surplus margin (overall) %*	18.9	19.2	19.4	20.2	20.8
Operating costs as % of revenue*	75.5	74.9	74.0	69.9	73.1
Underlying net margin %*	3.7	4.1	3.8	6.6	5.6
Total divisional EBITDA £m*	337.2	333.1	301.7	282.1	257.2
Total divisional EBITDA %*	27.7	28.2	27.8	29.9	31.7
Maintenance - investment in assets and how efficiently they are maintained					
Average repair cost per home £	1,890	1,832	1,561	1,340	1,353
Reinvestment spend per home £	922	967	920	857	792
Regulator of Social Housing reinvestment %*	3.1	3.7	4.0	3.1	4.0
Average cost per responsive repair £	156	137	136	133	128
Asset efficiency - the returns generated from the Group's assets					
Regulator of Social Housing Return on capital employed %*	3.0	3.0	2.8	2.8	2.8
Development - delivery of new properties					
Homes on-site and in development	2,469	3,307	3,218	4,760	5,183
Regulator of Social Housing new supply delivered (social) %*	0.6	0.6	0.8	0.8	0.8
Regulator of Social Housing new supply delivered (non-social) %*	0.1	0.2	0.3	1.0	0.1
Homes completed (excluding JVs and consortia)	790	838	910	978	768

*Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 126 and the Value For Money Statement on page 42.

Affordable Housing - *Divisional Review*

Affordable Housing	2026	2025
Homes in management at the year end	100,167	100,192
Overall satisfaction %	62.8	63.9
Revenue (£ million)	615.3	591.3
Divisional EBITDA (£ million)*	270.2	258.8
Divisional EBITDA margin (%)*	43.9	43.8
Jobs per operative per day	4.06	3.85
Social operating margin (%)	29.9	29.3
Rent arrears %	3.12	3.04
Void loss %	1.9	1.7
Vacant stock %	2.6	2.5
Capital investment before grants (£ million)	106.6	110.4

*The Group's operating segments are defined and reconciled in note 6 on page 89. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

Social operating margin
↑ 29.9%

Our customers are central to everything we do. The Regulator of Social Housing has recognised this by awarding us the highest consumer rating, C1. This reflects the quality of our services and our commitment to listening to customers and continuing to improve.

Our Affordable Housing division manages a diverse portfolio of 100,167 social and affordable homes, including specialist housing for older people, shared ownership and leasehold properties.

Revenue increased year-on-year to £615.3 million, up from £591.3 million. This growth reflects continued investment in new homes and regulated rent increases of 2.7% in England and 4.1% in Scotland. Growth was partly offset by ongoing cost pressures, particularly in compliance and responsive repairs, in response to regulatory changes and wider service demand. Despite these pressures, we maintained a strong operating position, supported by the scale of our portfolio, effective financial management and the commitment of colleagues across the business. We achieved a social operating margin of 29.9% and a divisional EBITDA margin of 43.9%, compared with 43.8% last year.

Our customers are central to everything we do. The Regulator of Social Housing has recognised this by awarding us the highest consumer rating, C1. This reflects the quality of our services and our commitment to listening to customers and continuing to improve. Resident involvement work continues to be underpinned by our Customer Outcomes Framework. Developed with the Resident Advisory Panel, the framework is based on what residents have said matters most to them.

Since launching, the framework has captured feedback from more than 100,000 customer interactions in total, providing insight into key moments in the customer journey.

↑ **Pictured:** Residents, Yusuf, Noorie and Yaqub, at a Customer Focus Day in Hackney, London

Business Reviews

Affordable Housing - Divisional Review

We continue to monitor performance against the Tenant Satisfaction Measures. Overall satisfaction declined to 62.8%, reflecting societal and sector-wide trends, and the impact of service pressures, particularly in repairs and customer contact. Tackling this remains a priority. A clear improvement programme is in place, supported by service re-design, digital transformation and stronger customer engagement.

Our Customer Experience programme remains central to Sanctuary's service transformation. This investment in technology is designed to improve outcomes for customers, and support more efficient and joined up ways of working. Over the last year, progress continued through the build phase with a strong focus on aligning the solution to customer needs, regulatory expectations and long-term value for money. The programme will introduce a new Customer Relationship Management system and customer portal, providing colleagues with a single, integrated view of customer interactions. This will support more proactive and informed decision making across repairs, complaints and tenancy management, while offering customers greater choice and convenience when the system launches.

The OneProperty programme continued to embed during the year, supporting a more integrated, detailed approach to repairs, compliance and asset management. Our investment in homes was £106.6 million, targeting renovations and essential maintenance to improve living conditions. This has been complemented by our Customer Improvement Plan, which together have driven service improvements. This approach has helped us increase the average amount of repairs carried out each day by operatives from 3.85 to 4.06. Non-emergency repairs on-time performance in England achieved 81.5% and emergency repairs achieved 93.3%. In Scotland, non-emergency repairs reduced to 16.84 days, and emergency repairs achieved 5.19 hours.

We launched our new resident engagement strategy, 'Stronger Together', setting out a refreshed and more inclusive approach to working with customers. Developed through extensive customer feedback, it reinforces our commitment to ensuring customer voices shape decisions at both local and strategic levels. The strategy focuses on three priorities: local engagement, strategic engagement and co-creation. This resulted in increased face-to-face engagement through Customer Focus Days, walkabouts, surgeries and neighbourhood events, with customers helping shape priorities around repairs, safety and neighbourhood management.

At a strategic level, customer involvement grew through established panels and communities of interest, supporting service improvement, procurement activity and senior recruitment.

The strategy also places greater emphasis on digital engagement alongside traditional methods, ensuring customers can engage in ways that work best for them.

↑ **Pictured:** Louise Blair, café volunteer, and Hannah Gray, Community Connector

Business Reviews

Supported Living - Divisional Review

Supported Living	2026	2025
Homes in management at the year end	6,791	6,733
Revenue (£ million)	128.5	124.1
Divisional EBITDA (£ million)*	4.8	3.9
Divisional EBITDA margin (%)*	3.7	3.1
Capital investment (£ million)	5.4	6.0
Care Quality Commission rating (%)	97	95

*The Group's operating segments are defined and reconciled in note 6 on page 89. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

Care Quality Commission rating

↑ 97%

Our focus will remain on quality, workforce stability, sustainable growth and strong partnerships, supported by financial discipline and a clear commitment to positive customer outcomes.

Sanctuary Supported Living provides care and support across 774 services in England. These services enable people with disabilities, mental health needs, older people, young people and people experiencing homelessness to live independently within their communities. Alongside supported living and retirement communities, we also provide telecare and assistive technology services that support safety, independence and wellbeing.

Over the past 12 months we have made strong progress in a challenging operating environment. Revenue increased from £124.1 million to £128.5 million, while we strengthened operational consistency, stabilised the workforce and continued to deliver high-quality, person-centred services.

The year also brought challenges. Increasing compliance and maintenance requirements added cost pressures, while regulatory changes – including Awaab's Law – and wider safety expectations required further investment to ensure services remain safe, compliant and fit for the future. These pressures came amid continued cost inflation, constrained local authority funding and sector wide workforce challenges. Despite this, disciplined cost control and a strong operational focus enabled the division to maintain a resilient financial position, with an EBITDA margin of 3.7%, compared with 3.1% last year.

↑ **Pictured:** Resident, Janet, and Customer Supporter, Jessica Blackwell

Business Reviews

Supported Living - Divisional Review

Demand for supported living services remained high, reflecting demographic pressures and local authority priorities to support people in community settings. Business development activity remained robust, with strong bidding and tender outcomes alongside continued progress through direct negotiations with local authorities. We also completed the integration of acquisitions, reinforcing our position as a trusted provider delivering sustainable services aligned with commissioning needs. These factors supported year-on-year revenue growth of 3.5%.

Capital investment in our homes continued, with £5.4 million invested during the year. This focused on essential asset improvement, safety and long-term service sustainability across supported living schemes. New developments and remodelling aligned services with customer needs and commissioning priorities.

Quality remained a core focus. We sustained a strong regulatory position, with 97% of services rated 'Good' or 'Outstanding' by the Care Quality Commission, compared to 95% last year. Inspection and registration activity highlighted strong leadership, effective governance and comprehensive quality assurance processes, while supporting collaborative learning and improvement.

Workforce stability continued to improve, supported by targeted initiatives that reduced reliance on agency staff. Average weekly agency hours fell by 10% year-on-year, supporting continuity of care and cost control. Investment in leadership, succession planning and colleague engagement remained a priority, with improvements to induction, learning pathways and support contributing to stronger engagement outcomes. Our commitment to colleagues was recognised nationally, with the division winning the 'Housing with Care Employer Award'.

Looking forward, our Technology Enabled Living and Astraline services will be brought together under new brand Sanctuary LumaLiving, creating a clear and distinctive identity aligned with its role in supporting independence, safety and wellbeing. The rebrand follows the integration of telecare operations and the development of a refreshed service proposition to support future growth. While integration was being planned, our telecare operations continued to deliver strong operational performance, supporting tens of thousands of live connections for Sanctuary and external customers, with call handling consistently exceeding contractual standards. Further progress on system integration and resilience will strengthen the platform for sustainable growth and innovation.

We remain well positioned to respond to growing demand and evolving commissioning expectations. Our focus will remain on quality, workforce stability, sustainable growth and strong partnerships, supported by financial discipline and a clear commitment to positive customer outcomes.

↑ **Pictured:** Project Worker in Mental Health, Irene Williamson, and Deputy Local Service Manager - Mental Health, Ian Foster, Gore Avenue, Salford

Business Reviews

Care - Divisional Review

Care	2026	2025
Number of bed spaces in management at the year end	5,374	5,427
Revenue (£ million)	311.7	290.3
Divisional EBITDA (£ million)*	26.6	22.3
Divisional EBITDA margin (%)*	8.5	7.7
Care Quality Commission rating (England) %	96	95
Care Inspectorate rating (Scotland) %	100	95
Average weekly rates (£)	1,192	1,131
Occupancy (%) - average for year	90.2	89.6
Occupancy (%) - at year end	91.0	90.6
Capital investment (£ million)	12.1	12.0

*The Group's operating segments are defined and reconciled in note 6 on page 89. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

Care occupancy - average for year

↑ 90.2%

Quality remains at the heart of everything we do. By delivering excellent care and support, we ensure the best possible experience for residents while strengthening overall financial performance.

For more than 25 years, Sanctuary Care has provided care and support for older people. Today, we operate 109 care homes and a supported living service across England and Scotland.

The care business achieved revenue growth to £311.7 million, up from £290.3 million. Despite the challenges of rising operational and compliance costs, increasing salary expenditure and a persistent gap between local authority fees and the true cost of care, we delivered a year-on-year increase in divisional EBITDA from £22.3 million to £26.6 million and divisional EBITDA margin from 7.7% to 8.5%.

This was supported by occupancy which has continued to rise steadily over the year, increasing from 90.6% to 91.0%. This reflects our continued work to build strong relationships with local authority commissioning partners and raise awareness of the high-quality support we provide. By responding closely to commissioner needs, we secured additional placements and aligned services more effectively with local demand, supporting stability and long-term occupancy growth.

As one of the UK's 20 largest care home groups, we are proud to work within the not-for-profit sector, continually reinvesting in our services to enhance the quality of care we deliver. We offer a wide range of person-centred short and long-term care options, including residential, nursing, dementia, palliative and respite care. We support both public and private markets, with income from private care contributing around 40% of our annual revenue.

↑ **Pictured:** Resident, Mary, and Care Assistant, Falyn Forsyth

Business Reviews

Care - Divisional Review

High-quality care continues to be underpinned by our Enriching Lives framework and co-production initiatives. Quality remains at the heart of everything we do. By delivering excellent care and support, we ensure the best possible experience for residents while strengthening overall financial performance.

We are proud of our strong regulatory ratings. In England, 96% of our homes are rated 'Good' or above by the Care Quality Commission – surpassing the national sector average of 82%. In Scotland, 100% of our homes are rated 'Good' or higher by the Care Inspectorate. These ratings support occupancy growth and help us attract talented colleagues.

The labour market remained relatively stable, enabling us to focus on reducing time to hire and maintaining a low vacancy rate of around 2%, well below the sector average of 7%. Improvements to induction, engagement and learning programmes helped reduce staff turnover to 16% compared to the industry average of 25%, while agency use reduced to 1% of productive hours, significantly below the sector average of 8.6%. These actions have also strengthened colleague experience, reflected in our Indeed score improving from 2.9 to 3.7, now leading our peer group.

We also reached an important milestone in the last year, with the opening of our first Vivant Care care home. Located in Dartmouth, Bayards Court will deliver exceptional care and the highest standards of living for residents with a single pricing structure.

↑ **Pictured:** Housekeeping Supervisor, Jade Routh, and resident, Brian

Business Reviews

Student And Market Rented - Divisional Review

Student And Market Rented	**2026**	**2025**
Homes in management at the year end	13,054	13,367
Revenue (£ million)	87.4	81.2
Divisional EBITDA (£ million)*	40.5	34.5
Divisional EBITDA margin (%)*	46.3	42.5
Year end occupancy - Student (available units) (%)	96.0	94.8
Capital investment (£ million)	2.4	3.0

*The Group's operating segments are defined and reconciled in note 6 on page 89. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

Year end occupancy - Student (available units)

↑ 96%

The strong performance achieved this year reflects the commitment of colleagues across the business, who have maintained high standards and consistent delivery throughout a period of significant transition.

Sanctuary Students provides homes for more than 13,000 customers across England and Scotland. Over the past year we have continued to progress the sale of some of our student portfolio, which will raise funds for investing in our homes and services. Throughout this period, our focus remained firmly on customers and colleagues – maintaining safe, well-managed accommodation, protecting the customer experience and ensuring consistent operational delivery. Over the last year revenue increased from £81.2 million to £87.4 million, while we delivered an increase in EBITDA from £34.5 million to £40.5 million and EBITDA margin from 42.5% to 46.3%.

We have also maintained strong operational performance. Occupancy increased from 94.8% to 96.0%, supported by strong domestic student demand in our core university markets and the effective use of targeted pricing and short-term contract options. London and Manchester properties maintained 99% occupancy, while performance across the wider portfolio continued to improve year-on-year. With customers becoming more price sensitive and focused on value, our emphasis on competitive pricing and flexibility contributed to strong letting outcomes. International demand softened in some areas, creating a more competitive environment. Even so, student rental income increased by 7%, supporting financial resilience in a challenging economic climate.

↑ **Pictured:** Student at Moor Lane, Preston

Business Reviews

Student And Market Rented - Divisional Review

Although inflation stabilised and energy costs reduced compared with the previous year, cost pressures remained – particularly relating to building safety, compliance and wider regulatory requirements. These factors increased the operational complexity of maintaining our portfolio and placed pressure on the all-inclusive rent model. Through disciplined cost control, strategic energy procurement and operational efficiencies, we were able to mitigate these pressures while maintaining service quality. As a result, EBITDA increased to £40.5 million, up from £34.5 million, and EBITDA margin increased from 42.5% to 46.3%.

Customer satisfaction continued to be central to our work. The Global Student Living Index (GSLI) provides independent insight and year-on-year benchmarking that helps refine our services. Overall satisfaction was sustained at 76% (compared with 77% last year). Communication and value-for-money scores remained stable, reinforcing that customer experience remains resilient and aligned to our strategic objectives.

Our digital transformation programme continued to strengthen the customer journey and improve service consistency. We rolled out a digital booking system and expanded our self-service offer, enabling customers to complete bookings more easily. We also enhanced our digital marketing through targeted campaigns, increasing visibility in online searches and strengthening performance-led advertising. These initiatives supported occupancy and reinforced our value proposition.

Sustainability remains a key priority. Our decarbonisation work continues to improve building performance, with 86% of properties achieving an EPC rating of B or above. Carbon literacy training continues to strengthen colleague awareness, alongside investment in energy-efficiency measures, waste-reduction initiatives and biodiversity projects.

Investing in our people remains essential to strong delivery. We strengthened retention and engagement through an enhanced recognition offer and a continued focus on wellbeing, development and inclusive leadership. Colleague engagement reached 81%, with turnover reducing – reflecting a stable and committed workforce. Training and development opportunities expanded, including mental health awareness, trauma-informed practice and leadership development.

The strong performance achieved this year reflects the commitment of colleagues across the business, who have maintained high standards and consistent delivery throughout a period of significant transition.

↑ **Pictured:** Students at Denmark Road, Manchester

Business Reviews

Development - Divisional Review

Development Sales	2026	2025
Revenue (£ million)	71.3	89.9
Cost of sales (£ million)	(68.4)	(73.2)
Divisional EBITDA (£ million)*	2.9	16.7
Gross margin (%)*	4.1	18.6
Homes completed in the year**	790	838
Housing sales***	284	259
Homes on-site and in development at the year end	2,469	3,307
Funding for development		
Expenditure contracted (£ million)	160.8	209.1
Authorised expenditure not contracted (£ million)	457.2	331.3
Total (£ million)	618.0	540.4

*The Group's operating segments are defined and reconciled in note 6 on page 89.
Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.
**Excluding joint ventures and consortia
***Includes First Tranche sales

Revenue from new home sales
↓ £71.3m

We maintained strong activity throughout the year, completing 790 homes in total. This included 535 rented homes, 149 shared ownership homes and 106 open market homes. There are currently 2,469 homes on-site and in development.

Over the past year, our development programme continued to deliver high-quality, sustainable homes across England and Scotland. Strategic activity focused on delivering a balanced mix of general needs housing for social and affordable rent, shared ownership homes, open market sale properties and specialist accommodation, including care and supported living schemes.

Our strategic focus on maintaining low exposure to market sales remains embedded within our risk appetite framework. Consistent with this approach, revenue generated from sales dropped from £89.9 million to £71.3 million. This represented only 5.9% of total Group revenue for the year. Divisional EBITDA also dropped from £16.7 million to £2.9 million. Margin on new home sales was weaker this year, driven by the relative mix of shared ownership sales compared to outright sales, alongside losses incurred on two schemes which have impacted overall margin performance.

We maintained strong activity throughout the year, completing 790 homes in total. This included 535 rented homes, 149 shared ownership homes and 106 open market homes. There are currently 2,469 homes on-site and in development.

Over the past year, there has been a higher number of shared ownership first tranche sales and fewer outright sales due to a different portfolio mix coming to market. In total we sold 284 new homes, of which 131 were shared ownership properties and 153 were open market sale. We sold the final homes at Abbey Meadows in Great Wakering and Botany Gardens in Purfleet.

↑ **Pictured:** Residents, Carol and Rob, with Deputy Retirement Communities Manager, Hannah Richards

Development - Divisional Review

Our biggest selling sites during the year were The Victoria in Glasgow with 92 open market sales achieved, and Southfields, Conrad Road in Witham with 41 sales — 20 open market homes and 21 shared ownership.

The total value of the completed stock and work in progress at the end of the financial year was £298.8 million.

The development pipeline is valued at £618 million, of which £160.8 million is already in contract, with a balance of £457.2 million authorised but not yet contracted.

The programme achieved substantial progress across a geographically diverse and varied portfolio. In Scotland, completions included schemes such as 44 homes for social rent at Lennox House in Cumbernauld, with further progress and handovers of social rent homes at Duncan Street in Greenock, our first scheme to be delivered entirely by our in-house Construction team in Scotland. Additional progress was also made at our flagship redevelopment of the former Victoria Hospital in Glasgow.

In England, several schemes reached completion, the largest of which was the 138-unit Blackberry Court retirement community in Streethay, Lichfield. The development provides an extra care scheme, alongside older persons rented and shared ownership housing. The scheme went on to receive national recognition after winning the Best Partnership (100+ Homes) category at the 2025 Inside Housing Development Awards. We also completed our first 63-bed Vivant Care care home in Dartmouth. Progress also continued across a wide range of English developments, including 91 affordable homes at Southam Road in Banbury and a scheme of 44 homes — including affordable rent, shared ownership and open market sale — at Broadway Farm in Down Ampney.

Despite industry-wide challenges, including planning delays and contractor insolvencies, teams maintained momentum through proactive project management, robust governance and early collaboration with local partners. A continued focus on customer experience reinforced our commitment to delivering homes that are high-quality, safe and fit for the future.

A key contributor to programme resilience has been the role of our in-house Construction teams. Operating across both England and Scotland, they led on the development across a range of schemes, enabling significant continuity and quality control. The in-house teams also worked closely on asset optimisation projects, delivering refurbishment, reconfiguration and enabling works that bring existing Sanctuary properties back into productive use. This supports long-term value and ensures our assets remain fit for purpose for future generations.

Sustainability remains central to our approach, with all new build specifications embedding enhanced environmental standards to ensure that every home achieves high levels of energy performance. Building new homes and optimising the use of existing assets will also continue to be a priority to respond to evolving customer needs, while ensuring our programme remains adaptable, resilient and aligned to Sanctuary's long-term strategic objectives.

↑ **Pictured:** Morva Reach development, Penzance

↑ **Pictured:** Elaine McLean, Community Connector, with Marie and Abida at Peat Road, Glasgow

We continue to plan for the long-term and remain focused on delivering the priorities set out in our corporate strategy. Over the next year, our work will centre on strengthening customer experience, investing in homes, enabling sustainable growth, and supporting our colleagues to thrive.

Customer-Centred Services

We will take important steps to improve the experience customers have when they interact with us. Customers are also playing an influential role in the development of our largest ever transformation project, the Customer Experience programme. Our new Customer Relationship Management system and customer portal will also begin to transform how customers choose to access our services, with quicker responses and clearer information. These new tools will support colleagues with better insight and real-time data so they can make informed decisions and deliver a more personalised service.

We will deepen our understanding of customer needs, using feedback and insight to shape improvements across our operations. This includes strengthening the way we manage complaints; improving how we keep customers informed and shortening resolution times; and embedding our Customer Outcomes Framework, which focuses on customers feeling safe, proud and respected.

Enhancing visibility in local communities remains a priority. We will increase colleague presence across neighbourhoods, improve responsiveness to local issues, and work with partner agencies to reduce antisocial behaviour. We will also strengthen resident involvement, ensuring customers have more opportunity to influence decisions and help shape the services they receive.

Homes Fit For The Future

Keeping homes safe, secure and well maintained remains central to our plans. We will continue our programme of data-led investment, using improved stock condition information and predictive analytics to make long-term decisions about where we invest, remodel or regenerate. This approach will help us target our resources where they will make the greatest difference to customers and ensure our homes remain fit for the future.

We will maintain a clear focus on building safety, completing essential remediation work and embedding a culture where safety is everyone's responsibility. We will also continue our work to address damp and mould in line with Awaab's Law, ensuring issues are identified quickly and resolved effectively.

Environmental sustainability will be a key theme in the year ahead. We will invest in energy-efficiency measures to help reduce fuel costs for customers and support our wider sustainability goals. We will explore more sustainable heating, cooling and construction methods that support our journey towards net zero. Alongside this, we will expand technology-enabled care options to help people live independently and comfortably in their homes.

Our place-based approach will continue to guide how we plan and deliver major investment at a local level, combining upgrades and repairs with wider decisions about the future of our homes and communities. Across our care portfolio, we will progress our programme of whole-home improvements and develop new, modern facilities designed around resident needs.

Sustainable Growth And Development

We remain committed to growing in a way that strengthens our long-term sustainability. Over the next year we will progress a range of development and regeneration projects across the country, including new homes in Basildon, new care homes in Cornwall, and our second Vivant Care care home. These developments will support local communities, meet increasing demand, and provide modern, high-quality homes and care services.

Alongside this, we will focus on preparing for the Government's 2026-2036 Social and Affordable Homes Programme delivering more much-needed social homes, to ensure continued alignment with Sanctuary's objectives. We will also continue to enhance the use of our in-house Construction team, which will strengthen delivery resilience while enabling greater capacity and flexibility across the development pipeline.

At the same time, we will strengthen our approach to organisational efficiency, ensuring our structures, systems and processes support scalable models of delivery. Enhanced digital tools and automation will help us maximise value for money and improve the consistency of services across all parts of the organisation.

High-Performing Teams

Delivering on our ambitions depends on supporting our colleagues to succeed. In the year ahead, we will continue investing in leadership and management development, embedding an outcomes-focused culture and strengthening succession planning across the organisation. This will include developing clearer career pathways and expanding opportunities for young people and early-career talent.

We will build on colleague feedback to improve our workplaces, promote inclusion, and remove barriers that prevent individuals from reaching their potential. Supporting high-performing teams is central to achieving better outcomes for customers, and we will continue developing tools, systems and technologies that make it easier for colleagues to do their jobs effectively.

Our focus on innovation will remain strong. We will make greater use of data and emerging technologies, including AI, to streamline processes and improve the quality and timeliness of services. Alongside this, we will maintain high standards of governance, ensuring clear accountability and effective decision-making as we deliver on our strategy.

↑ **Pictured:** Sebastian Shelley, Talent Acquisition Advisor, and Simon Hale, Head of Finance - Sanctuary Supported Living

Value For *Money*

With ongoing inflationary pressures affecting household costs, delivering strong value for money is integral to our purpose of providing affordable homes and building sustainable communities. Achieving efficiencies enables us to reinvest scarce resources into improving existing homes and delivering new homes where they are needed most.

Value for money underpins our corporate strategy. It also reflects our organisational values of ambition, inclusion, integrity, quality and sustainability. Our approach is embedded across the business, ensuring that value for money is considered strategically and consistently in decision-making at every level.

Central to this approach are our financial Golden Rules and a disciplined framework for financial management. These are supported by detailed annual budgets, robust long-term financial plans and clearly defined efficiency targets. The budget-setting process drives continuous improvement across the organisation, balancing operational performance with compliance with our Golden Rules.

Alongside the annual budgeting process, all major initiatives — including acquisitions and strategic investments — are subject to standalone business cases that assess both financial viability and wider social outcomes. Development schemes are required to meet benchmarks approved by the Group Board, ensuring the right balance between financial returns and addressing housing need. Our Procurement team works closely with service areas to secure best value through competitive procurement processes and the use of longer-term contracts where appropriate.

Our Value For Money Principles

Our value for money principles are based on maximising the 4 Es:

Economy
Spending less

Efficiency
Spending well

Equity
Spending fairly

Effectiveness
Spending wisely

↓ **Pictured:** Keyworker accommodation house kitchen, Colchester

Monitoring Our Performance

Our value for money performance is monitored through a range of formal governance and reporting mechanisms. These include operational budget controls, monthly financial reporting to the Executive Committee and Group Board and quarterly treasury reports to the Group Audit and Risk Committee. The Group Board retains ultimate accountability for approving budgets, forecasts and long-term financial plans.

Benchmarking is undertaken against peer organisations of a similar size or activity profile, although direct comparison is limited by our distinctive care and student accommodation portfolio. Due to the timing of sector reporting, benchmarking in this report draws on 2024/2025 published data.

Value For Money And Our Corporate Strategy

Value for money plays a key role in the delivery of our strategic objectives and each objective has a number of targeted metrics, allowing progress to be measured. Examples of how we embed value for money in our objectives are:

1 Customer-Centred Services

- **Personalised services using CRM:** Deploying a new Customer Relationship Management (CRM) system enables colleagues to access information efficiently, reducing duplication and enabling more targeted, cost-effective support.
- **Agile repairs service:** Focusing on completing repairs at the first appointment and building internal capacity for in-house delivery reduces external contractor costs and improves operational efficiency.
- **Self-service customer portal:** Enhancing self-service options empowers customers to resolve issues independently, reducing call volumes and administrative overhead.

2 Homes Fit For The Future

- **Data-led investment decisions:** Aligning stock condition data with asset intelligence ensures investment is targeted where it delivers the greatest benefit, maximising the impact of every pound spent.
- **Energy efficiency upgrades:** Upgrading homes for energy efficiency reduces fuel poverty for customers and lowers long-term maintenance and running costs.
- **Predictive analytics for asset management:** Using predictive analytics to plan reinvestment and regeneration programmes helps avoid unnecessary expenditure and ensures resources are allocated for maximum long-term value.

3 Sustainable Growth And Development

- **Technology-driven automation:** Embracing automation enables scalable operating models, streamlining processes and reducing manual effort, cutting costs.
- **Single price point model for care:** Developing a single price point model for care services through our new Vivant Care brand ensures transparency and consistency, helping control costs and deliver efficient care.
- **Maximising income generation:** Increasing occupancy among care self-funders and expanding commercial operations helps close funding gaps and supports reinvestment in core services.

4 High-Performing Teams

- **Efficient, user-friendly tools:** Equipping teams with efficient technology reduces time spent on administrative tasks, improving productivity and reducing costs.
- **Harnessing emerging technologies:** Using AI and other technologies to streamline processes enables more personalised, effective services for customers at lower cost.
- **Outcomes-focused culture:** Embedding a culture of accountability and continuous improvement drives innovation and ensures resources are used effectively to deliver the best outcome.

Our Value For Money Highlights

During 2026 we have delivered a number of key projects and successes:

- We launched and updated our Euro Medium Term Note programme, which will allow us to access capital in a timely and efficient manner.
- We completed our Next Generation Network project, which delivers stronger, more resilient access to our technology and protects customer services.
- We generated further efficiencies from OneProperty, our integrated repairs system, through more effective material usage and a greater number of jobs fixed first time.
- We continued to expand our in-house Construction team, providing greater control over quality.

Understanding Our Performance

Our key performance indicator results for 2026 and 2025 are colour-coded as follows:

Green - Exceeded target (2026)/outperformed peer group (2025)

Orange - Within 10% of target (2026)/within 10% of peer group (2025)

Red - More than 10% short of target (2026)/ more than 10% short of peer group (2025)

Where no colour-coding is offered, this is because no comparison is available, or a comparison is subjective. Commentary is provided on the main Regulator of Social Housing metrics and on others where considered appropriate.

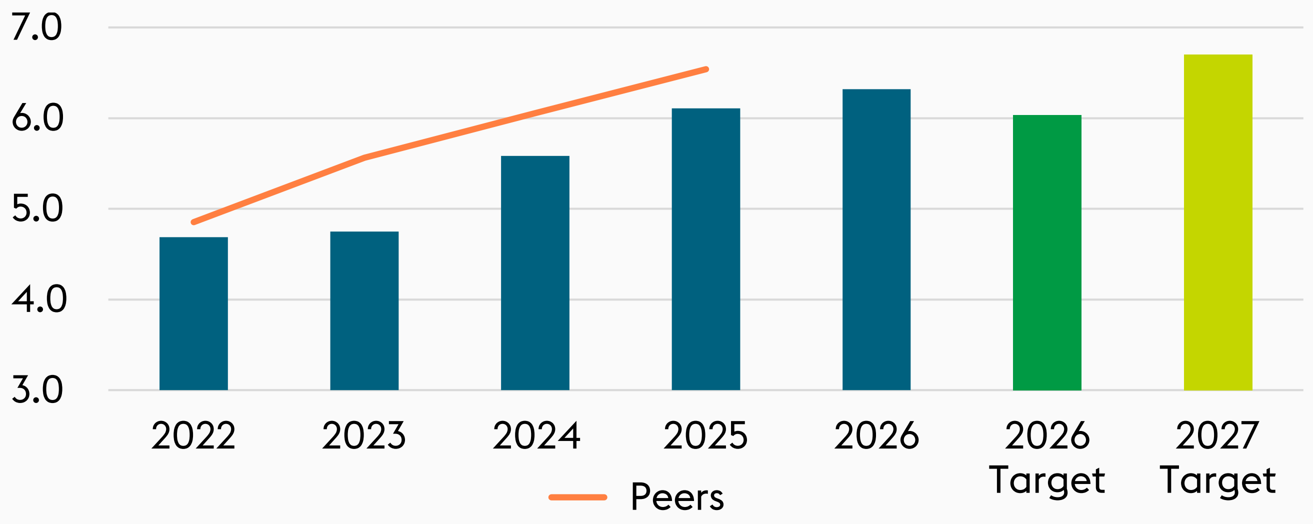
↑ **Pictured:** Dylan Paterson, Trade Operative

Resources

Our primary resource is our people, while our practical approach to procurement ensures that we purchase goods and services economically.

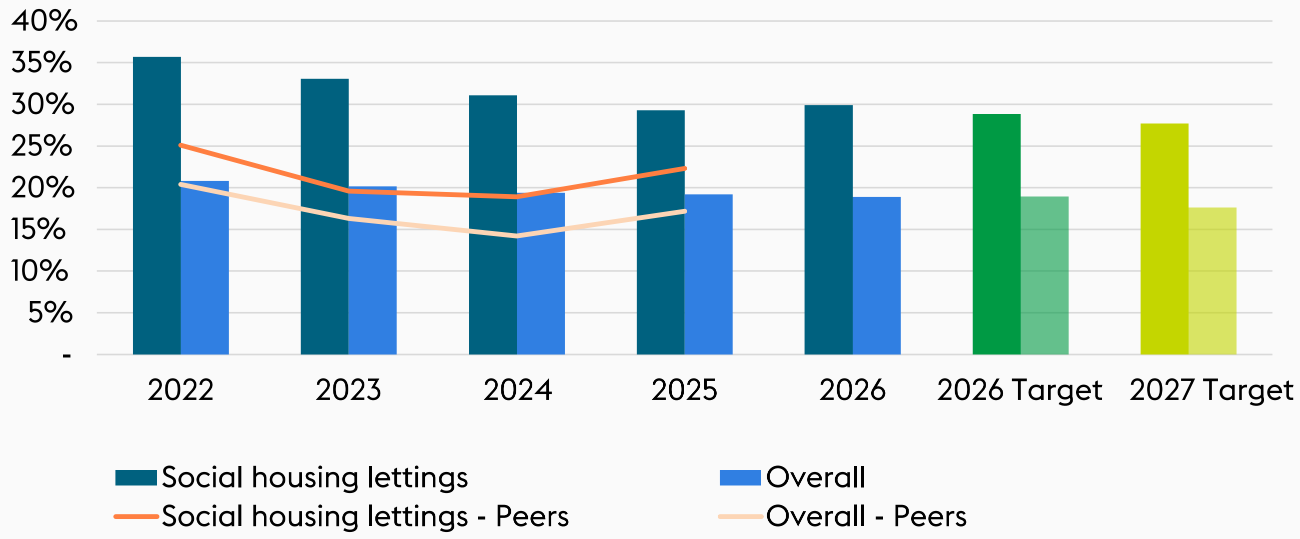
Headline social housing cost per unit was £6,319 in 2026 compared to the target of £6,037 and prior year figure of £6,109, with the increase due to higher reinvestment and maintenance costs. Our cost per unit in 2025 was lower than our peer group, despite our greater proportion of supported living services which have a relatively high-cost base. The target for 2027 of £6,701 assumes a significant increase in decarbonisation spend.

Headline social housing cost per unit (£000)



The **social housing operating margin** of 29.9% was greater than the target of 28.8% and rose year-on-year due to efficiency initiatives which helped to offset the significant increase in National Insurance. Our margins also continue to be well above our peers, despite our higher proportion of staff intensive activities such as care and supported living.

Operating margin - Overall and Social housing lettings (%)

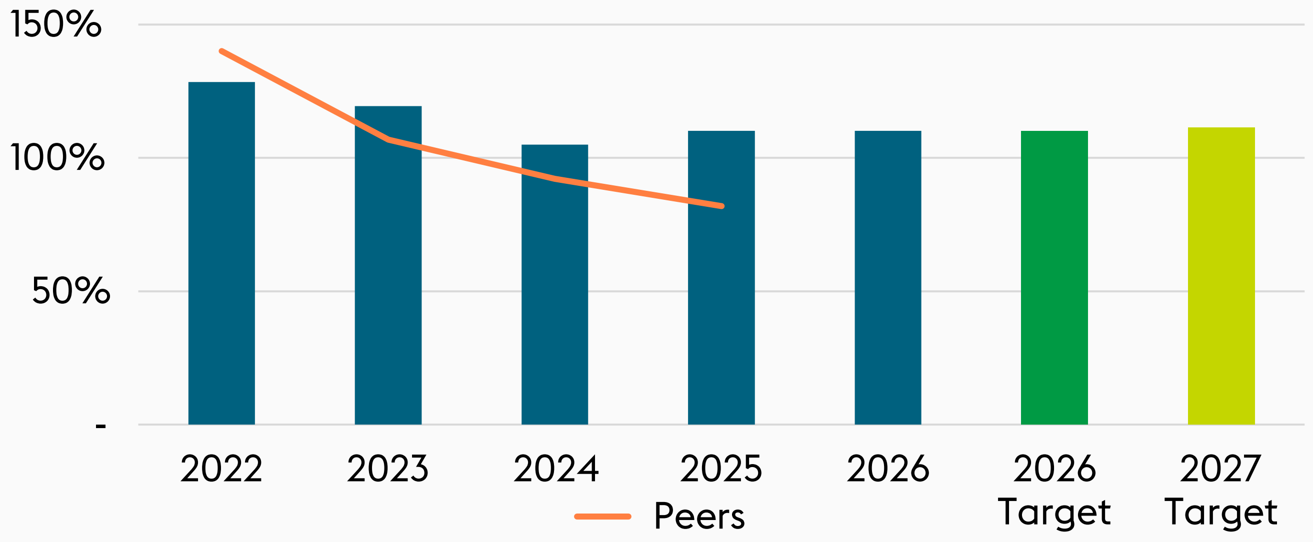


Value For *Money*

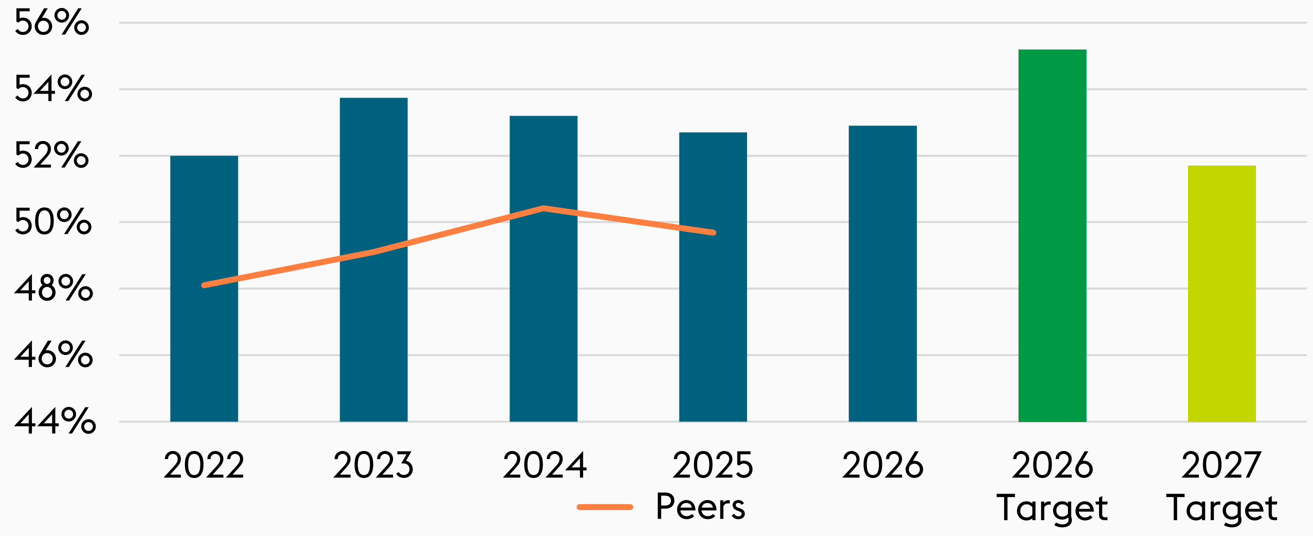
EBITDA MRI interest cover of 110.2% was in line with our target and the prior year and we expect a similar performance in 2027. Interest cover was higher than our peers, many of whom have been impacted by greater exposure to building safety spend.

Gearing is 52.9%, 2.3 percentage points below target due to lower-than-expected development spend. Our 2025 gearing of 52.7% is above our peers, largely due to our history of acquisitions and rescues. Our target for 2027 of 51.7% reflects a modest decrease driven by planned divestments.

EBITDA MRI Interest Cover (%)



Gearing (%)



	Sanctuary Group 2026 Actual	Sanctuary Group 2026 Target	Sanctuary Group 2025 Actual	Peer Group Average 2025 Actual	Sanctuary Group 2027 Target
Headline social housing cost per unit (£)*	6,319	6,037	6,109	6,538	6,701
Operating margin – social housing lettings (%)*	29.9	28.8	29.3	22.3	27.7
Operating margin – overall (%)*	18.9	18.9	19.2	17.2	17.6
EBITDA MRI interest cover (%)*	110.2	110.0	110.2	81.9	111.4
Gearing (%)*	52.9	55.2	52.7	49.7	51.7
Vacant stock (%)	2.60	2.40	2.50	n/a	2.10
Average cost per responsive repair (£)	156.0	167.0	137.0	n/a	162.0
Chief Executive pay per unit (£)	3.40	3.36	3.26	4.93	3.75
Remuneration of highest paid director per social home (£)	4.60	4.56	4.43	5.51	4.92
Total Directors' remuneration per social home (£)	30.79	30.19	28.76	31.82	32.74
Proportion of fixed rate debt (%)	77.4	n/a	81.2	n/a	n/a
Interest cover (Sanctuary metric)	1.84	1.81	1.80	1.73	1.91
Cost of borrowing (%)	4.65	n/a	4.68	n/a	n/a

*Regulator of Social Housing metric. RSH operating margin overall % is an adjusted margin equivalent to the Group's underlying surplus margin %. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

Vacant Stock

Vacant stock is the Group's preferred measure because it measures all empty properties, not just those available for letting. It increased slightly year-on-year but the Group has improved its void management and lettings processes and we expect to see an improvement in 2027.

Average Cost Per Responsive Repair

The average cost of a responsive repair was lower than target in 2026 due to efficiencies generated by OneProperty. However the cost is expected to rise in 2027, driven by inflation and more complex jobs.

Proportion Of Fixed Rate Debt/Interest Cover/ Cost Of Borrowing

Interest cover can be calculated in many different ways and our preferred method is consistent with our lenders' calculations and makes no adjustment for capitalised major repairs. Our interest cover has typically been lower than our peer group due to several factors, including our history of acquisitions such as Swan and our decision to continue to hold relatively high levels of fixed rate debt, however, our higher margins now mean that our interest cover is greater too.

Structures And Processes

Our structures and processes include our corporate structure, our operational structure, our governance structure and processes, and our technology processes.

	Sanctuary Group 2026 Actual	Sanctuary Group 2026 Target	Sanctuary Group 2025 Actual	Peer Group Average 2025 Actual	Sanctuary Group 2027 Target
Rent arrears (%)	3.1	3.3	3.0	4.3	3.1
Number of statutory entities *(excluding joint ventures)*	43	n/a	45	n/a	n/a
Employee survey engagement score (%)	n/a	76.0	80.0	n/a	80.0
Internal maintenance service utilisation (%)	72.0	81.0	76.0	n/a	80.2
Jobs per operative per day	4.1	4.6	3.9	n/a	5.1

Rent Arrears

Our rent arrears continue to be consistently low, demonstrating our effective income collection processes during times of continued economic pressures.

Employee Engagement Score

Our most recent employee engagement score of 80% is significantly above the external benchmark of 71%.

This figure reflects our 2025 survey, with results from our 2026 survey not yet available at the time of reporting.

However, we continue to set ambitious targets as we focus on being an employer of choice and provide an environment where our people thrive and are empowered to deliver the best outcomes for our customers.

Internal Maintenance Service Utilisation And Jobs Per Day

The number of maintenance jobs delivered in-house was not as high as hoped during the year, partly due to recruitment delays. OneProperty will continue to improve efficiency and empower operatives to provide higher levels of customer service while also enhancing productivity.

Customers

We serve a broad range of customers across a wide geographic area, many of whom live in our homes.

	Sanctuary Group 2026 Actual	Sanctuary Group 2026 Target	Sanctuary Group 2025 Actual	Peer Group Average 2025 Actual	Sanctuary Group 2027 Target
Housing resident satisfaction - overall (%)	63	64	64	65	63
Sanctuary Care Care Quality Commission rating (% good or better)	96	100	95	n/a	100
Sanctuary Supported Living Care Quality Commission rating (% good or better)	97	100	95	n/a	100
Care Inspectorate Scotland rating (% good or better)	100	100	95	n/a	100

↓ **Pictured:** Resident, Philip, with Local Service Manager, Donna Whittle

Housing Resident Satisfaction

Our customer satisfaction is a key indicator of how well we are performing and like many in the sector the metric is not as high as we would like. Our aim is to deliver responsive, inclusive, and high-quality services shaped by the needs and experiences of our customers. By deepening our understanding of individual needs and empowering our people, we will equip our teams to act quickly in response to local issues and deliver more personalised services.

Care Quality Commission/ Care Inspectorate Ratings

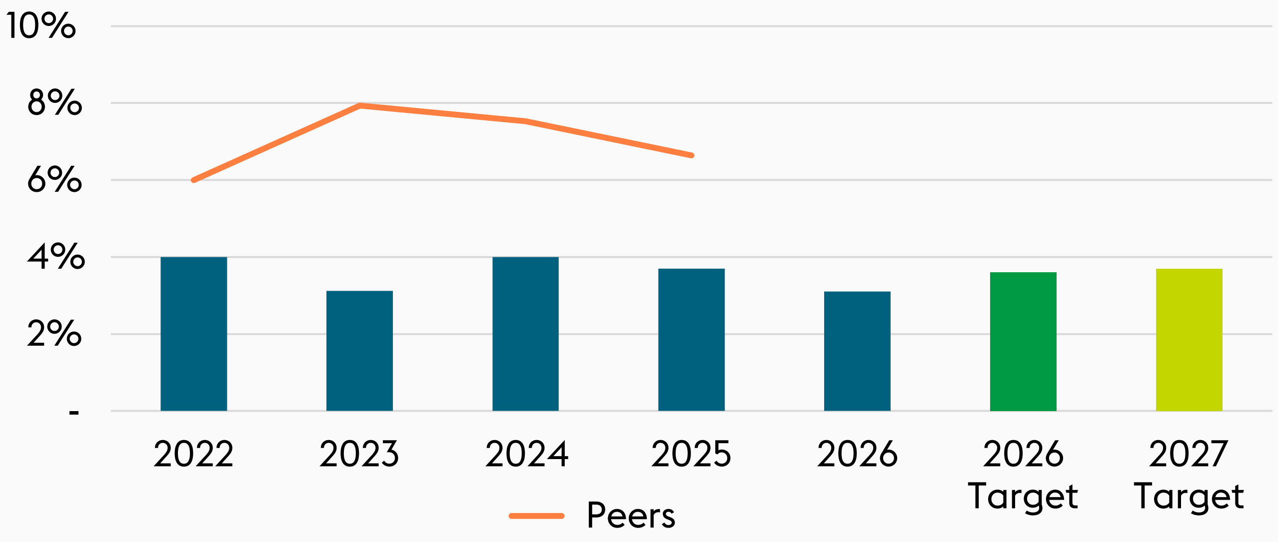
Our Care Quality Commission and Care Inspectorate ratings have improved year-on-year and continue to be some of the highest in the sector, demonstrating our ability to deliver cost-effective, high-quality services to our residents.

Assets

Assets comprises management of our existing asset base and the development of new properties.

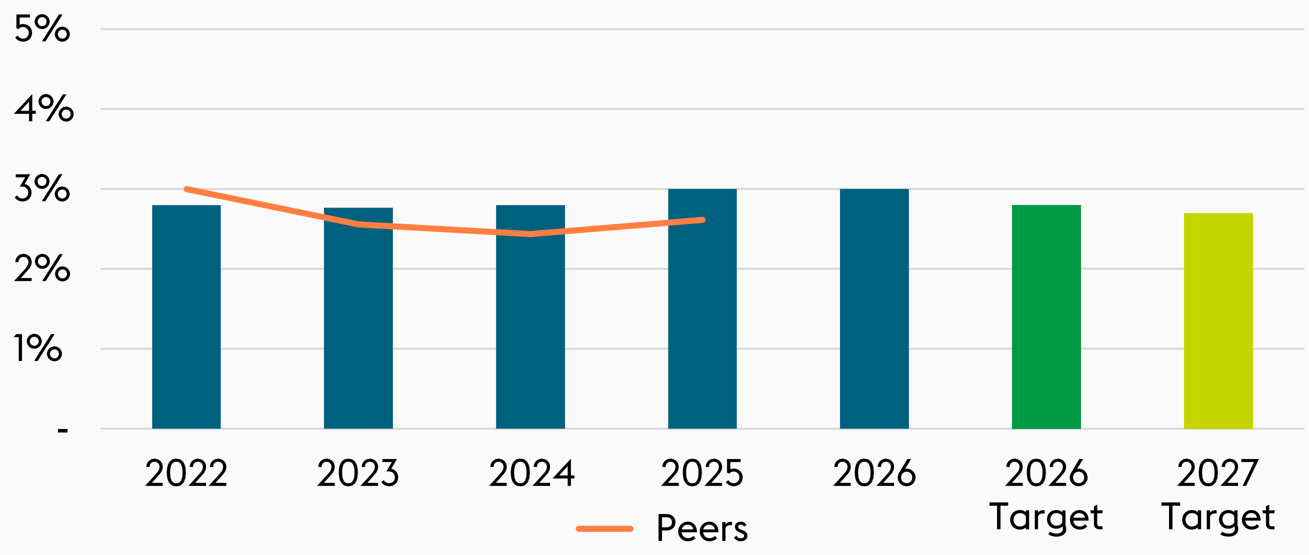
Reinvestment was 3.1% for 2026, 0.5 percentage points below target as development sites experienced delays. The target for 2027 is 3.7% as we continue to deliver our Homes England strategic partnership commitments. While our reinvestment metric is lower than our peers', the level of absolute reinvestment expenditure per property is similar; instead, the difference in the metric is primarily due to lower development expenditure and lower exposure to building safety.

Reinvestment (%)



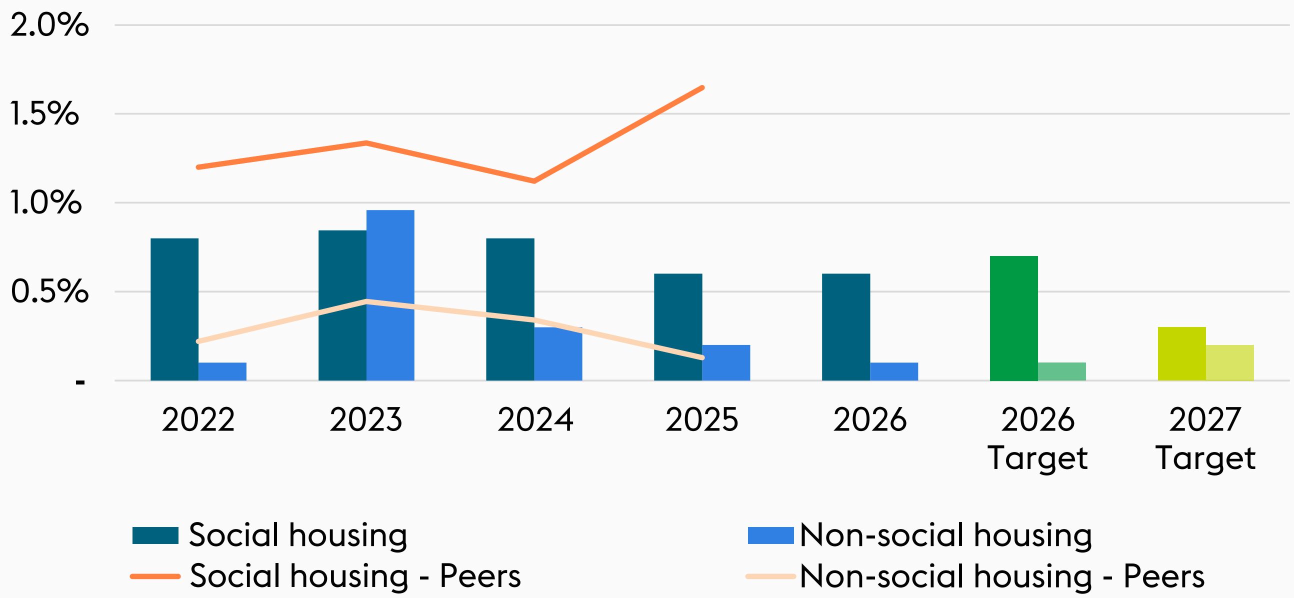
Return on Capital Employed was 3.0% for 2025, 0.2 percentage points above target. Similar to our operating margins, our Return on Capital Employed is greater than our peers.

Return on Capital Employed (%)



Our supply metrics were broadly in line with target as we continued to deliver our development commitments which include social housing in England and Scotland, as well as care homes. The targets for 2027 are 0.3% and 0.2% respectively.

New supply delivered - Social and Non-social housing (%)



	Sanctuary Group 2026 Actual	Sanctuary Group 2026 Target	Sanctuary Group 2025 Actual	Peer Group Average 2025 Actual	Sanctuary Group 2027 Target
Reinvestment (%)	3.1	3.6	3.7	6.6	3.7
Return on Capital Employed (%)*	3.0	2.8	3.0	2.6	2.7
New supply delivered – social (%)*	0.6	0.7	0.6	1.6	0.3
New supply delivered – non-social (%)*	0.1	0.1	0.2	0.1	0.2
Number of new homes completed including through joint ventures and consortia	840	935	881	n/a	516
Number of new homes sold	284	280	259	n/a	213

*Regulator of Social Housing metrics. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

New Homes Delivered And New Homes Sold

Sales of newly built homes, both outright sale and shared ownership, generated £71.3 million of income, with a gross margin of 4.1%, compared to £89.9 million in 2025 which generated a margin of 18.6%. Margins were impacted by the mix of schemes and a challenging market, particularly for open market homes.

Good Governance And Financial *Sustainability*

↖ **Pictured:** Assistant Project Manager, Kaitlyn Martin, with Senior Project Manager, Sarah Macaulay

Sanctuary has a group structure, in which Sanctuary Housing Association (the Association) is the parent entity. The Association was established on 5 May 1969 and is a Registered Society (19059R). Sanctuary is governed by the Board of the Association (the Group Board) which comprises eight non-executive members, the Group Chief Executive, Craig Moule, and two co-opted members.

The Role Of The Group Board

The Group Board's primary role is to define and ensure compliance with Sanctuary's values and objectives. They set our strategic direction and make sure that policies and plans are in place to achieve our objectives. They also establish and oversee a framework of delegation and systems of control.

We are committed to having an effective board comprising members with diverse backgrounds, life experience, knowledge and skills. Out of the 11 current Group Board members, eight are male and three are female, and two Group Board members represent ethnic minorities.

The Group Board

(As of 2 July 2026)

To read more details about our Group Board members, visit the Who We Are page on our website:

Group Board

Andrew Manning-Cox
Group Chair

Craig Moule
Group Chief Executive and ex-officio Group Board Member

Ian Chisholm
Chair of Group Audit and Risk Committee

Dr Kevin Lavery
Group Board Member

Ros Kerslake CBE
Chair of Remuneration Committee and Group Chair-elect

Arvinda Gohil OBE
Group Vice Chair and Chair of Group Housing Board

Olu Odeniyi
Group Board Member

Dr James Thallon
Group Board Member

Nigel Wilcock
Group Board Member

Ed Lunt
Chief Financial Officer and Co-opted Group Board Member

Nicole Seymour
Executive Director - Corporate Services and Co-opted Group Board Member

Board/committee membership, as at 31 March 2026, is summarised as follows:

Membership details	Group Board	Group Audit and Risk Committee	Group Housing Board	Nominations Committee	Remuneration Committee	Succession Planning Committee**
Andrew Manning-Cox*	Chair 6/6	-	-	Chair 1/1	-	Chair 0/0
Craig Moule	6/6	-	4/4	Lead Officer	Lead Officer	Lead Officer
Arvinda Gohil	Vice Chair 5/6	-	Chair 4/4	1/1	-	0/0
James Thallon	6/6	-	-	1/1	1/1	0/0
Ian Chisholm	6/6	Chair 4/4	-	1/1	1/1	0/0
Ros Kerslake	6/6	4/4	-	1/1	Chair 1/1	0/0
Olu Odeniyi	5/6	-	4/4	1/1	-	0/0
Nigel Wilcock	6/6	4/4	-	1/1	-	0/0
Kevin Lavery	6/6	-	4/4	1/1	-	0/0
Ed Lunt	6/6	Lead Officer	-	-	-	-
Nicole Seymour	6/6	-	-	-	-	-

* As Group Chair, Andrew Manning-Cox is an ex-officio member of all committees of the Group Board.
** The Succession Planning Committee is currently dormant.

Member attendance at board/committee meetings from 1 April 2025 to 31 March 2026 is also included in the table above. This is shown as (number of meetings attended in year/ number of meetings held in year).

Code Of Governance

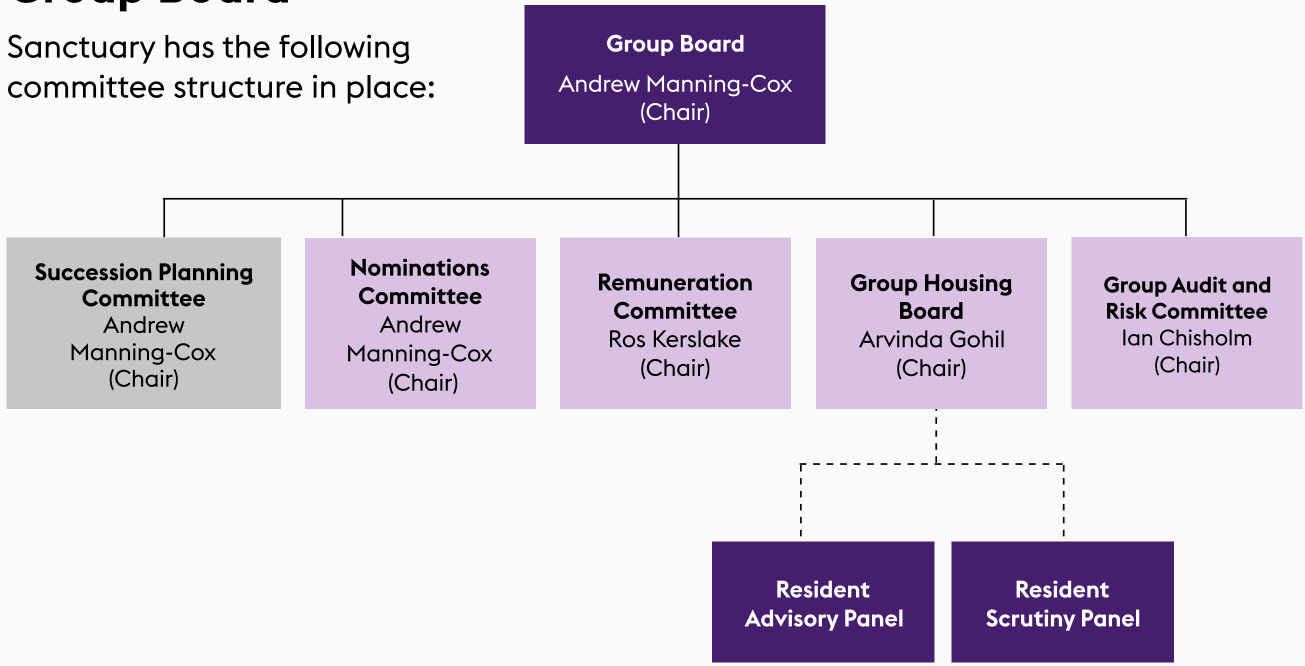
The Group considers that is has complied with the Code throughout the year, with the following exception. The Group operates with subsidiary boards to meet regulatory and operational requirements. In a small number of cases, non-executive members serving on subsidiary boards have served for more than nine years. These appointments do not relate to English registered providers of social housing. The Board is satisfied that appropriate safeguards are in place, including robust annual reviews of board effectiveness, assessment of independence and active succession planning, and that governance across the Group remains aligned with the principles of the Code.

Subsidiary Boards

All subsidiaries within the Group have their own boards, which are responsible to the Group Board for overseeing the operations of each subsidiary.

Committees Of The Group Board

Sanctuary has the following committee structure in place:



Group Housing Board

Our Group Housing Board puts Sanctuary residents at the heart of our decision-making process, and its membership includes four Sanctuary residents, including the respective chairs and vice chairs of Sanctuary's Resident Advisory Panel and Resident Scrutiny Panel. This provides valuable insight from the residents directly affected by the strategic decisions we make. This is another important forum through which Sanctuary residents can influence the things that matter most to them.

They are joined by our Group Chief Executive, Chief Customer Officer, and three of our Group Board's Non-Executive Directors.

Our Group Housing Board is tasked with making sure our 'landlord services' are efficient and meet our customers' needs. The Group Housing Board:

- Makes sure our housing services are running as they should and looks for ways to keep improving them.
- Reviews important policies that affect our homes and makes sure they meet the standards set by our regulators.
- Looks at how well we're delivering the services our customers rely on, making sure they're effective and focused on good customer outcomes.
- Helps ensure our customers have real opportunities to get involved, share their views, and scrutinise how we work, so the voice of our customers shapes what we do.

Group Audit And Risk Committee

The purpose of our Group Audit and Risk Committee is to monitor and advise the Group Board on risk management, internal control, fraud, and internal and external audit.

Some of the tasks of this committee include:

- Advising on the effectiveness and adequacy of risk management and internal control systems.
- Monitoring the implementation of recommendations from internal and external audit reports and management letters.
- Reviewing whether the Annual Report and Financial Statements is fair, balanced and understandable.
- Reviewing the long-term plan and strategic focus for internal audit.
- Ensuring the customer voice is fully considered within internal audit work where services impact on customers.
- Advising on the appointment and remuneration of external auditors and the scope of their work.
- Reviewing the policies and procedures for Risk Management, Management of Fraud Risk and Reported Fraud, Whistleblowing, Prevention of Bribery and Anti-Money Laundering.

Internal And External Audit

KPMG LLP (KPMG) provides external audit services and PricewaterhouseCoopers LLP (PwC) performs internal audit services. The Group Audit and Risk Committee has approved a policy in relation to the nature of non-audit work undertaken by KPMG and PwC. The Chair of the Group Audit and Risk Committee must approve the work.

There is an annual review of the provision of, and fees for, non-audit services as part of the Group Audit and Risk Committee's review of the services provided by KPMG and PwC.

Nominations Committee

The role of the Nominations Committee is to consider the suitability of candidates put forward by the Group Board for election to the Group Board by the shareholding membership. It also provides feedback to the Group Board on its nominees, being mindful of its customer and regulatory obligations and the need to ensure that the governing body has a wide range of skills, experience, and fully appreciates and embraces the importance of diversity and lived experience, in order to be able to maintain effective control of the organisation and ensure the communities served are fully represented.

Remuneration Committee

The role of the Remuneration Committee is to assist the Group Board in a framework for remuneration of Sanctuary Executive Directors, including targets for performance-related pay schemes, pension arrangements and benefit structures. It also reviews the Group Board Non-Executive Director remuneration annually.

Succession Planning Committee

The role of the Succession Planning Committee is to assist the Group Board in its responsibilities relating to succession planning for the Group Chief Executive.

Executive Management

The Group Board delegates day-to-day management of activities to the Group Chief Executive, who is responsible for making sure there are appropriate executive arrangements in place to ensure Sanctuary can meet its objectives and targets, and that those arrangements reflect the diverse needs of the business, including financial performance, capital investment, compliance, growth, and business planning.

To this end, Sanctuary has two committees chaired by the Group Chief Executive:

- The **Executive Committee**, which considers and approves strategic matters affecting the organisation (either implementation of strategy direction by the Group Board or determination of recommendations to the Group Board).
- The **Strategic Asset and Development Committee**, which is responsible for monitoring performance and approving capital projects and development activities in furtherance of Sanctuary's corporate strategy.

Group Executives

(As of 2 July 2026)

To read more details about our Executive Directors, visit the Who We Are page on our website:

Executive Team

Craig Moule
Group Chief Executive and ex-officio Group Board Member

Ed Lunt
Chief Financial Officer and Co-opted Group Board Member

Nicole Seymour
Executive Director - Corporate Services and Co-opted Group Board Member

Nathan Warren
Group Director - Growth & Partnerships

Lizzie Hieron
Chief Customer Officer

Peter Martin
Group Managing Director Development and Construction

Sarah Clarke-Kuehn
Chief Operating Officer - Commercial

Donna Williams
Group Director - Strategy and Strategic Assets

Chris Norman
Chief Information Officer

Internal *Controls*

The Group Board is ultimately responsible for ensuring that the Group maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Group Board has established key procedures to provide internal control and there are clear lines of responsibility for the creation and maintenance of the procedures through the Executive Committee of Sanctuary. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within Sanctuary or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- The Group Board being directly responsible for strategic risk management.
- The adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities, which allows the monitoring of controls and restricts the unauthorised use of the Group's assets.
- Experienced and suitably qualified staff being responsible for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Executives monitor the key business risks and financial objectives allowing the Group to progress towards its financial plans set for the year and the medium-term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information including significant variances from targets which are investigated as necessary.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Group Audit and Risk Committee reviews reports from management and PwC to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receives an annual report on internal controls from the Chief Financial Officer. The Committee receives a report from the Group's external auditor in relation to the consolidated Financial Statements. The Group Audit and Risk Committee makes regular reports to the Group Board. The Group follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting.

On behalf of the Group Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Group for the year ended 31 March 2026 and is not aware of any material changes at the date of signing the Financial Statements.

↑ **Pictured:** Blackwall Reach site, London

Risk Appetite, Principal Risks
And Uncertainties

Risk Appetite

In forming its overall risk appetite, the Group identified specific operations and business functions that warrant specific risk appetite statements. Each of these areas has a statement indicating how the appetite is applied, together with metrics that monitor and measure our approach to risk. This includes hurdles which should not be breached without Board approval. Each metric has a trigger point which is an early warning system highlighting when we are approaching a hurdle. The trigger points provide a clear indicator of when remedial actions may need to be taken to avoid the Group breaching the risk appetite hurdles.

Included within the risk appetite metrics are key financial measures and we call these our Golden Rules. These define the financial parameters that the Group will stay within. These are illustrated in the table opposite along with our performance against these rules for the years ended 31 March 2026 and 31 March 2025.

All of the Golden Rules have been compliant during the year with the exception of the months of financing which briefly dipped below the Hurdle in October 2025. The dip was forecast and reported to Group Board and the result of the Group raising additional facilities whilst it pursued the divestment of its Student portfolio. The definition of the operating margin metric has also been adjusted during the year; in order to focus on the underlying business it now excludes new home sales. It is above its Hurdle in 2025/2026 but below its Trigger Point due to greater maintenance and compliance costs and expected to remain so in 2026/2027. Should the Group divest of its Student portfolio then the rule will be reviewed because it is considered it would constitute a fundamental change to the Group's structure.

Golden Rule	Hurdle	Trigger Point	31 March 2026	31 March 2025
Sales revenue not to be greater than 20% of Group total sales revenue	20.0%	15.0%	5.9%	7.6%
Value of lending to and investment in Beech Grove Homes - the maximum amount we are prepared to invest in our development and construction business at any time	£300m	£250m	£199.1m	£181.6m
Existing cash and available facilities cover at least 18 months of future committed spending requirements	18 months	20 months	23 months	23 months
All income test funder covenants are exceeded and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	Covenant forecast within 10%	Tightest income test is the Borrower Group's (Sanctuary Housing Association, Sanctuary Scotland and Sanctuary Affordable) EBITDA interest cover covenant of 170% against a covenant of 115%, giving surplus headroom of £84m	Tightest income test is Sanctuary Care Property (2)'s debt service cover ratio of 222% against a covenant of 150%, giving surplus headroom of £2.7m
All balance sheet funder covenants are met and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	£100m debt headroom	Tightest balance sheet test is Sanctuary Housing Association's gearing covenant of 68% against a covenant of 80%, giving debt headroom of £364m	Tightest balance sheet test is Sanctuary Housing Association's gearing covenant of 69% against a covenant of 80%, giving debt headroom of £317m
Capacity in the form of cash, undrawn facilities and available unencumbered property security that could be used to raise financing exceeds £500 million	£500m	£600m	£2,181m	£2,173m
EBITDA MRI interest cover (Group level) - the amount we can cover our interest expense from our earnings after deducting capital reinvestment spend*	100.0%	110.0%	110.2%	110.2%
Underlying operating surplus margin excluding sales (Group level)	18.0%	20.0%	20.3%	19.6%

* Alternative performance measures are defined and/or reconciled in Appendix 3 on page 126.

Risk Appetite, Principal Risks
And Uncertainties

Principal Risks And Uncertainties

We operate a comprehensive risk mapping process both at a strategic level and with all our business operations and this is reviewed by the Group Audit and Risk Committee. Risk and assurance maps are approved by the relevant boards and board reports must reference the relevant risks addressed on the appropriate risk map.

One risk, Reputational and Customer Service risk, has reduced during the year and is now in line with its target. The residual score was originally increased in September 2023 in light of the Housing Ombudsman issuing a number of severe maladministrations to the Group and the Regulator had not yet performed any consumer standards inspections. The Group has subsequently improved its complaints processing and been awarded a C1 rating, recognising that it meets the required standards and reducing the residual risk.

The Group's other risk scores have remained static during the year and the Group's principal and highest-rated risk remains Government policy, legislation and regulation.

The principal risks affecting Sanctuary are set out on the following pages. The order in which they are presented does not represent a hierarchy of risk level.

Keys:

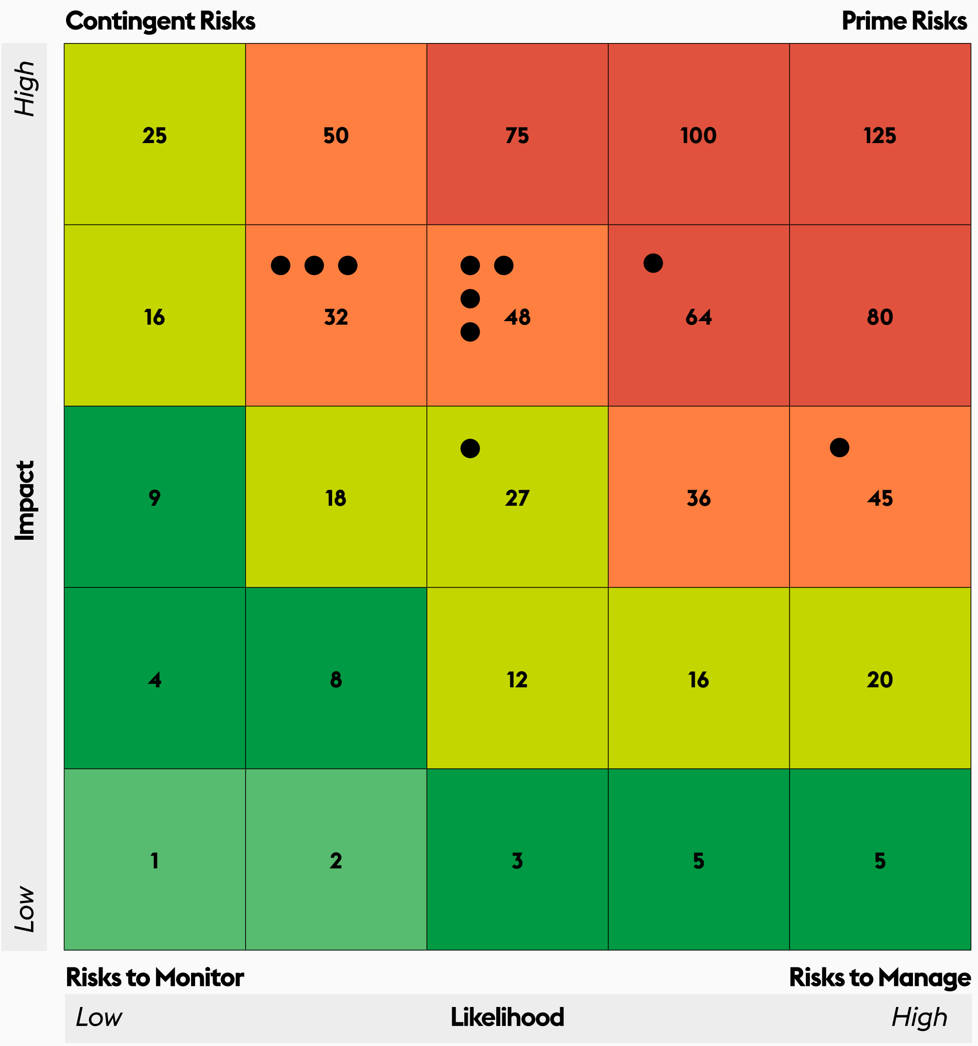
Risk Scores:

- Gross risk is the level of risk before any mitigating controls have been applied.
- Residual risk is the level of risk remaining after all of the mitigating controls have been applied.
- Target risk is our desired level of residual risk and is defined by our risk appetite.

Risk Assessments:

Rating	Likelihood	Impact
1	Rare	Insignificant
2	Unlikely	Minor
3	Possible	Moderate
4	Likely	Major
5	Very likely	Severe

Risk Ratings: (Calculated As Likelihood x Impact x Impact)



27: Asset Management, Maintenance, Construction and Compliance
32: Staffing; Pensions; Reputational and customer service
45: Sales
48: Funding and financial viability; Climate change; Information security and availability; Programme and service delivery
64: Government Policy

Risk Appetite, Principal Risks
And Uncertainties

Risk Description	Change*	Score
0 10 20 30 40 50 60 70 80 90 100 110 120		

1. Government policy, legislation and regulation risk

	Change*	Score
Gross		125
Residual		64
Target		64
Failure to comply with or react to new regulations and Government announcements leads to operational damage, financial loss or impacts tenant welfare.	No change	

2. Funding and financial viability risk

	Change*	Score
Gross		125
Residual		48
Target		48
Covenant constraints can limit the Group's capacity for further borrowing. Downgrades to the sector's or Group's credit ratings may increase the cost of future borrowing. Failure to obtain funding could undermine the Group's long-term growth plans.	No change	

3. Sales risk

	Change*	Score
Gross		80
Residual		45
Target		45
The development programme increases the Group's exposure to housing market risk through the level of new properties for sale either via shared ownership or outright sale.	No change	

Risk Description	Change*	Score
0 10 20 30 40 50 60 70 80 90 100 110 120		

4. Programme and service delivery risk

	Change*	Score
Gross		125
Residual		48
Target		48
Planned expansion of the Group or changes to services such as process or technology programmes increase the risk of overstretching management and overloading current systems. Capacity and material constraints could also result in supply chain and service disruption while there could be a loss of management control due to a failure in risk management.	No change	

5. Reputational and customer service risk

	Change*	Score
Gross		75
Residual		32
Target		32
By operating businesses that provide services to many residents and customers, we run the risk of reputational damage that could lead to loss of business and, at its most extreme, viability concerns for particular business streams.	Reduced	

6. Asset management, maintenance, construction and compliance risk

	Change*	Score
Gross		64
Residual		27
Target		27
A failure to manage, monitor and invest or divest in a group or class of assets leads to a significant impairment due to inadequate returns, a decline in demand or asset obsolescence generating a material financial loss. Failure to deliver health and safety requirements or operational targets result in customer welfare issues or degradation of competitive ability.	No change	

Risk Appetite, Principal Risks *And Uncertainties*

Risk Description (0–120)	Change*	Score

7. Pension risk

	Change*	Score
Gross		64
Residual		32
Target		32
The Group participates in a number of defined benefit pension schemes and there is a risk of greater funding requirements.	No change	

8. Staffing risk

	Change*	Score
Gross		100
Residual		32
Target		32
A failure to recruit, train and retain a workforce with the appropriate knowledge, skills and experience at all levels, leading to the Group failing to achieve its strategy or impacting on reputation. This risk includes wage inflation in an environment where costs are increasing.	No change	

9. Information security and availability risk

	Change*	Score
Gross		125
Residual		48
Target		48
A failure to protect the Group's technology, data and assets against unauthorised access leading to a loss of, or no access to, data, and/or systems being rendered unavailable, resulting in prosecution, significant financial loss and reputational damage.	No change	

Risk Description (0–120)	Change*	Score

10. Climate change risk

	Change*	Score
Gross		64
Residual		48
Target		48
Climate change adversely affects or threatens the continuity of business operations and service delivery. The Group may also incur increased costs associated with climate events or mitigating/adaptions.	No change	

* Change measured as the movement in the residual risk since the 2024/2025 Financial Statements.

Risk Appetite, Principal Risks
And Uncertainties

↑ **Pictured:** Green Vale development, Worcestershire

Climate-Related Risks

Climate change-related risks are monitored on an ongoing basis through the Group's existing risk management process. The standalone Sustainability and Climate Change risk map allocates a numerical risk score to each climate-related risk and these scores include consideration of whether the risk is emerging or maturing; risks are then prioritised and managed accordingly. The risk map is maintained by the Sustainability team and Corporate Risk Manager and submitted to the Executive Committee on an annual basis for review by Group Audit and Risk Committee. As with all risk maps, it is also updated on an ad hoc basis when risks change significantly throughout the year.

As part of Sanctuary's journey to understand the specific risks that the Group, our customers, colleagues and homes may face from climate change, we have engaged specialist consultants on initial risk identification and assessment projects. This has included a physical climate risk-related assessment in 2023 at a strategic, Group-wide level. No high risks were identified over the short-term, and the Group continues to prepare for the physical risks and opportunities resulting from climate change over the medium- to long-term.

The Group has also engaged in consultancy support to assess the transition risks and opportunities we face as a result of climate change. In the short-term, transition risks from climate change are more likely to impact the Group than physical risks. However, for risks where the impact could be high (for example asset performance compliance, reporting compliance or emerging regulation, or access to sustainable finance), the Group already has robust approaches in place to mitigate risk and capitalise on emerging opportunities.

Going *Concern*

The Group Board's assessment of the Group and the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements. The cash flow forecasts fully incorporate the Group's capital commitments and show that the Group and Association will have sufficient funds to continue to meet liabilities as they fall due. In order to demonstrate the Group's financial resilience, a number of severe but plausible downside scenarios have been modelled, which individually and in combination show that there is sufficient headroom for liquidity purposes and no breaches of covenants.

Scenarios include: a prolonged period of high inflation, energy cost increases, a rent cap in England, deterioration in income collection, an increase in voids, a reduction in student and care occupancy, lower development sales and greater maintenance demand. Further details are given in note 1 to the Financial Statements on page 75.

Having assessed the principal risks as set out on pages 59 to 62, the modelled severe but plausible downside scenarios and other matters discussed in connection with the Viability Statement on page 64, the Group Board considers that the Group and the Association have adequate resources to remain in operation for the foreseeable future, have sufficient cash to meet their needs for the foreseeable future and will continue to meet all borrowing covenants. The Group Board has therefore continued to adopt the going concern basis in preparing the Financial Statements.

↑ **Pictured:** Resident, Mitch, with Sharon Powell, Project Worker - Disabilities, and Ruth Whittaker, Senior Environment Officer, at a Sustainability Roadshow

Viability *Statement*

During the year the Group Board has assessed the viability of the Group in line with the business plan. This assessment has been made through the business planning process which takes account of both the Group's current position and its principal risks, which are detailed on pages 59 to 62.

The Group Board has determined that the period to 31 March 2029 is an appropriate period over which to provide its Viability Statement. While the Group Board believes that Sanctuary will be viable over a much longer period, this period has been chosen as it has a much greater degree of certainty.

The business planning process includes the Group's most recent targets, operational plans, a review of external factors and the impact of any recent acquisitions. The operational plans provide long-term direction and are reviewed on at least an annual basis. The base strategy is tested through rigorous sensitivity analysis and stress testing using a series of robust downside financial scenarios such as greater inflation, rising interest rates, rent controls, house price declines, higher wages and greater net zero costs, all of which result in a financial impact. The testing also identifies the principal risks that may adversely impact the Group which include operational, political, business, liquidity, market and credit risk. The results of the testing ensure potential mitigating actions are appropriately developed.

Due to the inherent uncertainty involved in all business planning, it is not possible for the review to consider every risk that the Group may face.

However, the Group Board considers that the stress testing performed includes all major risks and therefore provides strong assurance of the Group's financial viability.

Also key is the maintenance of a Group-wide assets and liabilities register and risk management processes that flow through to all of the Group's subsidiaries and operations. External assurance of the Group's viability is demonstrated by the Group's credit ratings (Moody's: A2 (Stable) and Standard & Poor's: A (Stable)), while the Group has strong liquidity in place and is able to refinance any debt due over the period.

Subsequent to the year end, the Group issued £350 million of secured sustainable Notes under its Euro Medium-Term Note programme. This increases available liquidity and funding headroom, supporting resilience under the scenarios considered in the viability assessment.

The Group Board has therefore concluded, based on the extent of the business planning process and strong financial position, that there is a reasonable expectation the Group and the Association have adequate resources and will continue to operate and meet their liabilities as they fall due over the period of their assessment.

The Group Board can also confirm that it has complied with the governance and financial viability standard set out by the Regulator of Social Housing. During the year, the Regulator of Social Housing gave Sanctuary Group ratings for governance and viability of G1 and V2 respectively (2025: G1 and V2).

After initial inspection in 2024/2025 we were given a C2 rating under the regulator's consumer standard. In 2026, we were awarded the highest consumer rating, C1.

↑ **Pictured:** Resident, Roger, with Housing Officer, Lisa Heading

Statement Of The Board's *Responsibilities In Respect Of The Annual Report And Financial Statements*

The Group Board is responsible for preparing the Annual Report and the Group and Association Financial Statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Group Board to prepare Group and Association Financial Statements for each financial year. Under these regulations, the Group Board has elected to prepare the Group and Association Financial Statements in accordance with UK-adopted international accounting standards (International Financial Reporting Standards).

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing these Financial Statements, the Group Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Financial Reporting Standards;
- Assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

The Group Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that its Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The Group Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Statement Of The Board's *Responsibilities In Respect Of The Annual Report And Financial Statements*

Responsibility Statement Of The Directors In Respect Of The Annual Financial Report

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Association and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure Of Information To Auditor

In the case of each of the persons who are members of the Group Board at the date when this report was approved:

- So far as each of the members of the Group Board is aware, there is no relevant audit information of which the Group and Association's auditor is unaware; and
- Each of the members of the Group Board has taken all the steps that they ought to have taken as a Member of the Group Board to make themselves aware of any relevant audit information and to establish that the Group and Association's auditor is aware of that information.

Independent Auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor for the 2027 year end will be proposed at the next Annual General Meeting.

By order of the Group Board.

Nicole Seymour
Secretary

Date: 2 July 2026

Registered office: Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ

↑ **Pictured:** Southfields development, Witham

Financial *Statements*

↖ **Pictured:** Customer Focus Day in Hackney, London

Independent Auditor's Report To The *Members Of Sanctuary Housing Association*

1. Our Opinion Is Unmodified

We have audited the Group and Association Financial Statements of Sanctuary Housing Association ('the Association') for the year ended 31 March 2026 which comprise the Group and Association Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 1, and appendices 1, 2 and 3.

In our opinion:

- The Financial Statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2026 and of the Group's profit for the year then ended;
- The Group and Association Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The Group and Association Financial Statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- The Group and Association Financial Statements have been prepared in accordance with the requirements of the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Group Audit and Risk Committee.

We were first appointed as auditor by the Board on 28 November 2014. The period of total uninterrupted engagement is for the 12 financial years ended 31 March 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group Financial Statements as a whole		**£12m** (2025: £11m) **0.99%** (2025: 0.93%) of Group revenue
Key audit matters		**vs 2025**
Recurring risks	Valuation of provisions arising on the acquisition of Swan Housing Association	↔
	Post-retirement benefits obligation	↔

2. Key Audit Matters: Our Assessment Of Risks Of Material Misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the Financial Statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

The Risk: Valuation Of Provisions Arising On The Acquisition Of Swan Housing Association

(£67.4 million; 2025: £80.7 million)

Refer to page 76 (accounting policy) and page 110 (financial disclosures)

Subjective estimate:

On 8 February 2023 the Group completed the acquisition of Swan Housing Association. Prior to acquisition, Swan had entered into various contractual arrangements, and was involved in certain events, which conferred on them obligations which are not yet discharged.

The effect of these matters is that, as part of our risk assessment, we determined that the provisions arising from these matters have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole, and possibly many times that amount.

This year, the Group has prepared updated costings for certain elements of the work required, reflecting the passage of time since the original estimates were made. These costs include estimates obtained from specialists engaged by the Group as well as internal sources.

Our response:

We performed the tests below rather than to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Personnel interviews:** We challenged the Group's assessment regarding outstanding obligations and assessed whether developments during the year indicate that the amounts recognised should be adjusted;
- **Test of details:** We inspected correspondence with relevant external parties, including lawyers and contractors, to assess whether events in the year should be reflected in an adjustment to the provision;
- **Enquiry of lawyers:** We obtained direct confirmations from management's experts regarding the status of various legal claims as well as attending a meeting with legal counsel to understand and challenge the legal position and consider the appropriateness of the relevant provisions in light of this;
- **Our Major Projects expertise:** For certain cladding provisions and development obligations, we used our Major Projects specialists to assess the estimated costs of remediating the identified issues in order to challenge the amount of the provisions held;
- **Site visits:** In the prior year, we undertook site visits to certain sites to validate the explanations provided by the Group and corroborate other information received during the audit; and
- **Assessing transparency:** We assessed the adequacy of the Group's disclosures in respect of the provisions and the potential range of estimation uncertainty.

Independent Auditor's Report To The *Members Of Sanctuary Housing Association*

We performed an assessment of whether the over/understatements of the valuation of provisions identified through these procedures were material, taking into account findings from other areas of the audit and qualitative aspects of the Financial Statements as a whole.

Our results:

- We found the valuation of the Swan provisions to be acceptable (2025: acceptable).

The Risk: Post-Retirement Benefits Obligation

Group: (£283.1 million; 2025: £280.5 million)
Association: (£283.1 million; 2025: £280.5 million)

Refer to page 76 (accounting policy) and page 112 (financial disclosures)

Subjective estimate:

The valuation of the post-retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Group's pension liability could have a significant effect on the financial position of the Group.

The effect of these matters is that, as part of our risk assessment, we determined that the post-retirement benefits obligation for the SHAFSPS scheme has a high degree of estimation uncertainty. The Financial Statements disclose the assumptions used by the Group in completing the year end valuation of the pension deficit and the year-on-year movements.

Also, recent changes to market conditions have meant that more companies are finding themselves moving into surplus in their Local Government Pension Scheme and TPT participations (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surpluses are complex and requires actuarial involvement.

Our response:

We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Benchmarking assumptions:** We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality rates against externally derived data;
- **Assessing experts' credentials:** We assessed the independence, professional qualifications, competence and experience of the experts used by the Group including whether they had been subject to undue influence from the Group; and
- **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to these assumptions.

Our results

We found the estimate of the post-retirement benefits obligation to be acceptable (2025: acceptable).

3. Our Application Of Materiality And An Overview Of The Scope Of Our Audit

Our Application Of Materiality

Materiality for the Group Financial Statements as a whole was set at £12 million (2025: £11 million), determined with reference to a benchmark of Total Group Revenue of which it represents 0.99% (2025: 0.93%).

We consider total Group revenue to be the most appropriate benchmark as it is the metric most relevant to the users of the Financial Statements given it is the primary determinant factor used to measure the performance of the Group.

Materiality for the Association's Financial Statements as a whole was set at £6.5 million (2025: £5.7 million), determined with reference to a benchmark of Association total revenue, of which it represents 0.99% (2025: 1%).

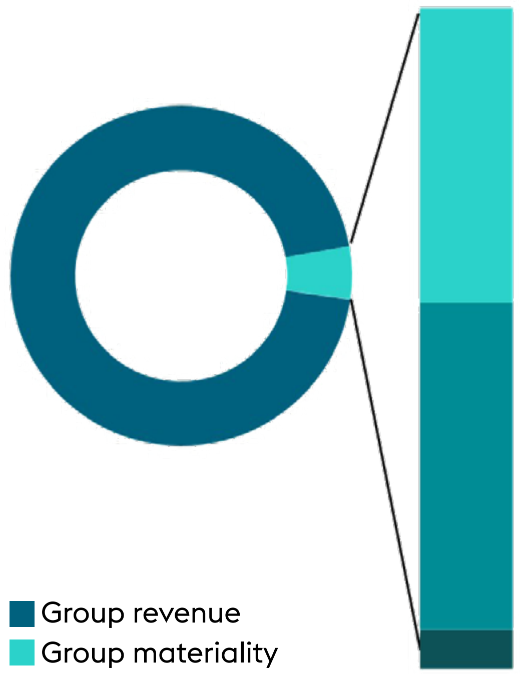
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the Financial Statements as a whole.

Performance materiality was set at 75% (2025: 75%) of materiality for the Financial Statements as a whole, which equates to £9 million (2025: £8.25 million) for the Group and £4.87 million (2025: £4.27 million) for the Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.6 million (2025: £0.55 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Total Group Revenue
£1,216.6m
2025: £1,179.3m

Group Materiality
£12m (2025: £11m)



£12m
Whole Financial Statements materiality
(2025: £11m)

£9m
Whole Financial Statements performance materiality
(2025: £8.25m)

£8.4m
Range of materiality at 10 components (£2.4m-£8.4m)
(2025: £1.65m-£7m at 12 components)

£0.6m
Misstatements reported to the Group Audit and Risk Committee
(2025: £0.55m)

Independent Auditor's Report To The *Members Of Sanctuary Housing Association*

Overview Of The Scope Of Our Audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group Financial Statements and which procedures to perform at these components to address those risks.

In total, we identified 10 (2025: 12) components, having considered our evaluation of the Group's operational and legal structure; the existence of common information systems; the consideration of risk profiles across components and our ability to perform audit procedures centrally.

Of those, we identified four (2025: four) quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified six (2025: eight) components as requiring special audit consideration, owing to Group risks relating to revenue, inventory, pensions, operating expenditure and treasury residing in these components.

Accordingly, we performed audit procedures on 10 (2025: 12) components. We also performed the audit of the Association.

We set the component materialities, ranging from £2.4 million to £8.4 million (2025: £1.65 million to £7 million), having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 87% (2025: 88%) of Group revenue.

We performed audit procedures in relation to components that accounted for 94% (2025: 88%) of Group surplus before tax and 94% (2025: 97%) of Group total assets.

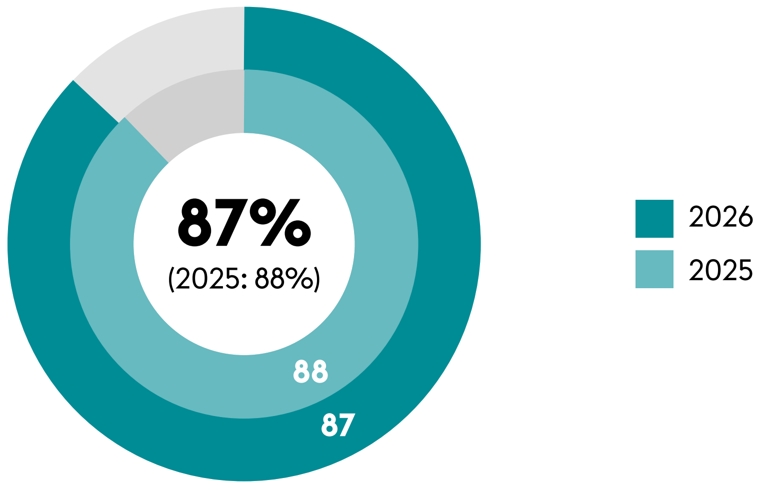
For the remaining components for which we performed no audit procedures, no component represented more than 4% (2025: 3%) of Group total revenue. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Group Auditor Oversight

The audit of all components, including the Association, were completed by the Group engagement team.

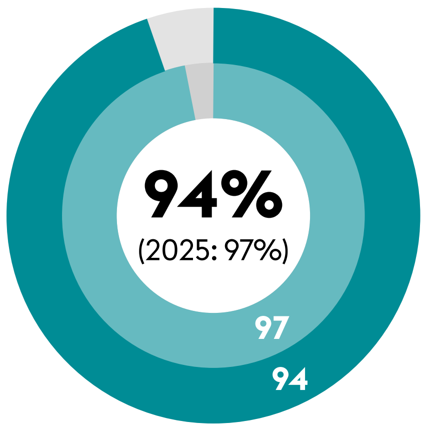
Our audit procedures covered the following percentage of Group revenue:

Group revenue

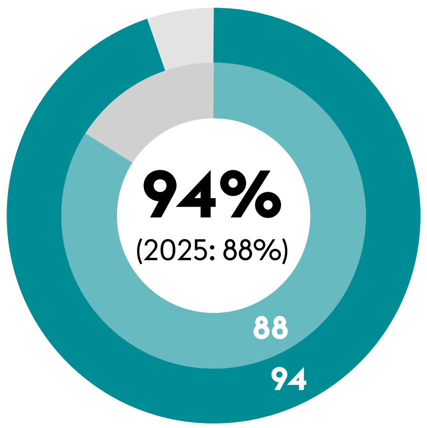


We performed audit procedures in relation to components that accounted for the following percentages of Group surplus before tax and Group total assets:

Group total assets



Group surplus before tax



4. Going concern

The Group Board have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Association's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Association's available financial resources and/or metrics relevant to debt covenants over this period was unexpected material increases in operating expenses.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our conclusions based on this work:

- We consider that the Group Board's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- We have not identified, and concur with the Group Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 1 to be acceptable.

Independent Auditor's Report To The *Members Of Sanctuary Housing Association*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

5. Fraud And Breaches Of Laws And Regulations – Ability To Detect

Identifying And Responding To Risks Of Material Misstatement Due To Fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Board and the Group Audit and Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of provisions arising out of the acquisition of Swan Housing Association, the fair valuation of investment properties and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex nature of material revenue streams and the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all scoped in components based on risk criteria and comparing the identified entries to supporting documentation. These included journals with unusual account pairings.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying And Responding To Risks Of Material Misstatement Due To Non-Compliance With Laws And Regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, and through discussion with the Group Board and other management (as required by auditing standards), and discussed with the Group Board and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related co-operative and community benefit society/charity legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Care Quality Commission standards, health and safety and antibribery law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context Of The Ability Of The Audit To Detect Fraud Or Breaches Of Law Or Regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report To The *Members Of Sanctuary Housing Association*

6. We Have Nothing To Report On The Other Information In The Annual Report

The Group Board are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

7. We Have Nothing To Report On The Other Matters On Which We Are Required To Report By Exception

Under the Co-operative and Community Benefit Societies Act 2014, we are required to report to you if, in our opinion:

- The Association has not kept proper books of accounts; or
- The Association has not maintained a satisfactory control over transactions; or
- The Financial Statements are not in agreement with the Association's books of account; or
- We have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

8. Respective Responsibilities

Group Board's Responsibilities

As explained more fully in their statement set out on page 65, the Group Board are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The Purpose Of Our Audit Work And To Whom We Owe Our Responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Tracey (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway Birmingham

B4 6GH

2 July 2026

Statement Of Comprehensive Income

For The Year Ended 31 March 2026

		Group		Association	
	Notes	2026 £m	2025 £m	2026 £m	2025 £m
INCOME STATEMENT					
Continuing operations					
Revenue	2	1,216.6	1,179.3	656.7	589.7
Cost of sales	4	(68.4)	(73.2)	(0.3)	(3.4)
Write down of development site	4	-	(15.0)	-	-
Operating expenditure	4	(918.0)	(883.1)	(511.6)	(467.3)
Other gains and losses	7	8.6	6.6	5.5	5.0
Other income	3	-	-	12.2	16.0
Share of profit of joint ventures and associates	33	0.4	1.1	-	-
Operating surplus		**239.2**	**215.7**	**162.5**	**140.0**
Loss on cessation of defined benefit pension schemes	29	(4.6)	(7.5)	(4.6)	(9.0)
Net gain from acquisitions	34	-	-	-	148.9
Gain/(loss) on disposal groups	20	7.6	(3.1)	7.6	(3.1)
Finance income	9a	5.0	6.0	2.0	4.1
Finance costs	9b	(190.2)	(183.6)	(108.8)	(104.3)
Gain/(loss) on derecognition of leased assets	10	0.3	(10.8)	-	(10.8)
Loss on fair value of investment property	14	-	(60.4)	-	(60.1)
Loss on fair value of assets classified as held for sale	20	(8.0)	-	(17.7)	-
Gain on fair value of financial instruments	24	12.0	14.0	(0.1)	-
Surplus/(deficit) before tax		**61.3**	**(29.7)**	**40.9**	**105.7**
Taxation	11	(1.7)	1.6	-	-
Surplus/(deficit) for the year from continuing operations		**59.6**	**(28.1)**	**40.9**	**105.7**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to income or expense:					
Remeasurement of defined benefit pension scheme liability	28,29	(1.7)	22.5	(1.7)	16.2
Equity investments at fair value through other comprehensive income – net change in value	15,28	-	(0.1)	-	(0.1)
Items that may be reclassified subsequently to income or expense:					
Cash flow hedges – effective portion of changes in fair value	28	(1.9)	0.7	(1.7)	0.5
Cash flow hedges – reclassified to Income Statement	28	1.5	1.3	1.5	1.3
Cost of hedging reserve – changes in fair value	28	0.2	0.3	0.2	0.3
Other comprehensive (expense)/income for the year		**(1.9)**	**24.7**	**(1.7)**	**18.2**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**57.7**	**(3.4)**	**39.2**	**123.9**

There were no discontinued operations in either the current or previous financial years.

The notes and appendices on pages 75 to 129 form part of these Financial Statements.

Statement Of Financial Position

As At 31 March 2026

		Group		Association	
	Notes	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m	31 March 2025 £m
ASSETS					
Non-current assets					
Intangible assets	12	75.0	64.0	69.2	57.0
Property, plant and equipment	13	5,177.3	5,060.0	3,004.4	2,921.6
Investment property	14	253.0	78.8	222.1	46.1
Deferred tax assets	25	5.5	7.5	-	-
Derivative financial assets	16	26.2	27.8	26.2	27.8
Investments in subsidiaries	33	-	-	87.7	87.7
Equity accounted investments	33	4.1	3.7	0.1	-
Other investments	15	17.2	17.0	16.2	15.9
Trade and other receivables	17,18	19.4	24.0	15.5	18.7
		5,577.7	5,282.8	3,441.4	3,174.8
Current assets					
Trade and other receivables	17,18	136.5	133.9	129.7	107.0
Inventory	19	79.3	155.3	2.5	4.8
Assets classified as held for sale	20	456.0	618.1	330.8	528.0
Cash and cash equivalents	31	137.0	159.6	15.3	25.5
		808.8	1,066.9	478.3	665.3
TOTAL ASSETS		**6,386.5**	**6,349.7**	**3,919.7**	**3,840.1**
LIABILITIES					
Current liabilities:					
Trade and other payables	21	366.5	359.8	183.4	178.1
Contract liabilities	2	64.1	67.0	34.0	31.8
Current tax liabilities	11	0.5	0.5	-	-
Loans and borrowings	22,23	70.9	150.1	55.0	91.8
Liabilities classified as held for sale	20	1.0	104.1	56.6	108.3
Provisions	26	23.3	24.1	1.1	5.7
		526.3	705.6	330.1	415.7
Non-current liabilities					
Trade and other payables	21	13.4	9.4	6.2	8.8
Loans and borrowings	22,23	3,917.9	3,751.5	1,958.5	1,828.7
Deferred tax liabilities	25	0.4	0.7	-	-
Derivative financial liabilities	16	0.1	0.2	-	-
Retirement benefit obligations	29	23.1	25.0	23.1	25.0
Provisions	26	54.4	64.1	0.7	-
		4,009.3	3,850.9	1,988.5	1,862.5
TOTAL LIABILITIES		**4,535.6**	**4,556.5**	**2,318.6**	**2,278.2**
EQUITY					
Equity attributable to owners of the parent:					
Ordinary shares	27	-	-	-	-
Cash flow hedge reserve	28	7.0	7.4	6.9	7.1
Cost of hedging reserve	28	0.2	-	0.2	-
Revaluation reserve	28	-	-	-	-
Restricted reserves	28	5.6	5.4	5.4	5.2
Retained earnings	28	1,838.1	1,780.4	1,588.6	1,549.6
TOTAL EQUITY		**1,850.9**	**1,793.2**	**1,601.1**	**1,561.9**
TOTAL EQUITY AND LIABILITIES		**6,386.5**	**6,349.7**	**3,919.7**	**3,840.1**

The notes and appendices on pages 75 to 129 form part of these Financial Statements.

The Financial Statements were authorised and approved by the Board on 2 July 2026 and signed on its behalf by:

Andrew Manning-Cox
Group Chair

Ed Lunt
Chief Financial Officer

Nicole Seymour
Group Board Member, Secretary

Statement Of Changes In Equity

For The Year Ended 31 March 2026

Group	Ordinary shares £m	Retained earnings £m	Restricted reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Total equity £m
At 1 April 2024	-	1,786.3	5.1	0.1	5.4	(0.3)	1,796.6
Deficit for the year	-	(28.1)	-	-	-	-	(28.1)
Other comprehensive income/(expense)	-	22.5	-	(0.1)	2.0	0.3	24.7
Total comprehensive income	**-**	(5.6)	-	(0.1)	2.0	0.3	(3.4)
Transfer of VRTB proceeds	-	(0.3)	0.3	-	-	-	-
Total transfers	**-**	(0.3)	0.3	**-**	**-**	**-**	**-**
At 31 March 2025	**-**	**1,780.4**	**5.4**	**-**	**7.4**	**-**	**1,793.2**
At 1 April 2025	-	1,780.4	5.4	-	7.4	-	1,793.2
Surplus for the year	-	59.6	-	-	-	-	59.6
Other comprehensive (expense)/income	-	(1.7)	-	-	(0.4)	0.2	(1.9)
Total comprehensive income	**-**	57.9	-	-	(0.4)	0.2	57.7
Transfer of VRTB proceeds	-	(0.2)	0.2	-	-	-	-
Total transfers	**-**	(0.2)	0.2	-	-	-	-
At 31 March 2026	**-**	**1,838.1**	**5.6**	**-**	**7.0**	**0.2**	**1,850.9**

Association	Ordinary shares £m	Retained earnings £m	Restricted reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Total equity £m
At 1 April 2024	-	1,428.0	4.9	0.1	5.3	(0.3)	1,438.0
Surplus for the year	-	105.7	-	-	-	-	105.7
Other comprehensive income/(expense)	-	16.2	-	(0.1)	1.8	0.3	18.2
Total comprehensive income	**-**	**121.9**	**-**	**(0.1)**	**1.8**	**0.3**	**123.9**
Transfer of VRTB proceeds	-	(0.3)	0.3	-	-	-	-
Total transfers	**-**	**(0.3)**	**0.3**	-	-	-	-
At 31 March 2025	**-**	**1,549.6**	**5.2**	**-**	**7.1**	**-**	**1,561.9**
At 1 April 2025	-	1,549.6	5.2	-	7.1	-	1,561.9
Surplus for the year	-	40.9	-	-	-	-	40.9
Other comprehensive (expense)/income	-	(1.7)	-	-	(0.2)	0.2	(1.7)
Total comprehensive income	**-**	39.2	**-**	-	(0.2)	0.2	39.2
Transfer of VRTB proceeds	-	(0.2)	0.2	-	-	-	-
Total transfers	**-**	**(0.2)**	**0.2**	-	-	-	-
At 31 March 2026	**-**	**1,588.6**	**5.4**	**-**	**6.9**	**0.2**	**1,601.1**

The notes and appendices on pages 75 to 129 form part of these Financial Statements.

Statement Of Cash Flows

For The Year Ended 31 March 2026

	Group 2026 £m	Group 2025 £m	Association 2026 £m	Association 2025 £m
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus/(deficit) for the year	59.6	(28.1)	40.9	105.7
Adjustments for:				
Depreciation, amortisation and impairment	99.0	102.8	67.2	62.8
Surplus on sale of property, plant and equipment	(8.4)	(6.6)	(5.3)	(5.0)
Share of profits in joint venture	(0.4)	(1.1)	-	-
Gain on sale of investments	(0.2)	-	(0.2)	-
(Gain)/loss on derecognition of leased assets	(0.3)	10.8	-	10.8
(Gain)/loss on disposal groups	(7.6)	3.1	(7.6)	3.1
Loss on cessation of defined benefit pension schemes	4.6	7.5	4.6	9.0
Loss on fair value of investment property	-	60.4	-	60.1
Loss on fair value of assets classified as held for sale	8.0	-	17.7	-
(Gain)/loss on fair value of financial instruments	(12.0)	(14.0)	0.1	-
Net loss/(gain) from acquisitions	-	-	-	(148.9)
Net finance costs	185.2	177.6	106.8	100.2
Taxation	1.7	(1.6)	-	-
	269.6	338.9	183.3	92.1
Cash generated before working capital movements	329.2	310.8	224.2	197.8
Changes in:				
Trade and other receivables	(4.4)	12.4	(24.2)	(43.8)
Trade and other payables	(4.3)	53.9	(12.2)	28.6
Inventories	44.8	36.2	0.3	2.4
Retirement benefit obligations and provisions	(18.1)	(38.5)	(8.0)	(5.8)
	18.0	64.0	(44.1)	(18.6)
Cash generated from operating activities	347.2	374.8	180.1	179.2
Interest paid	(188.8)	(187.5)	(101.6)	(91.7)
Lease interest payments	(7.2)	(8.7)	(8.0)	(7.8)
Net cash inflow from operating activities	**151.2**	**178.6**	**70.5**	**79.7**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3.7	6.3	2.0	3.0
Proceeds from sale of property, plant and equipment	38.4	17.2	30.2	11.9
Proceeds from sale of investments	0.2	-	0.2	-
Acquisition and construction of property, plant and equipment, investment property and software	(355.1)	(313.4)	(198.8)	(182.4)
Acquisition of other investments	(0.2)	0.3	(0.3)	-
Capital grants received	88.3	61.2	43.7	18.0
Capital grants repaid	-	(35.0)	-	-
Dividends received from joint ventures	-	-	(0.1)	-
Loans to joint ventures	1.8	5.2	1.9	5.2
Loans to other Group entities	-	-	-	32.4
Net cash acquired in transfer of engagements	-	-	-	1.7
Net cash outflow from investing activities	**(222.9)**	**(258.2)**	**(121.2)**	**(110.2)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans and borrowings	292.0	480.0	195.0	338.0
Repayment of borrowings	(240.7)	(378.4)	(151.6)	(291.3)
Repayment of leases	(2.2)	(4.3)	(2.9)	(4.3)
Net cash flow from financing activities	**49.1**	**97.3**	**40.5**	**42.4**
Net (decrease)/increase in cash and cash equivalents	**(22.6)**	**17.7**	**(10.2)**	**11.9**
Cash and cash equivalents 1 April 2025	159.6	141.9	25.5	13.6
Cash and cash equivalents 31 March 2026	**137.0**	**159.6**	**15.3**	**25.5**

An analysis of changes in liabilities from financing activities is shown in note 31. The notes and appendices on pages 75 to 129 form part of these Financial Statements.

Notes To Financial Statements

1. Principal Accounting Policies

General Information

The Association is registered in England as a Registered Society (number 19059R) and with the Regulator of Social Housing (number L0247); it is the ultimate parent undertaking within the Group. The Association's separate Financial Statements are presented alongside those of the Group, which consolidates the Financial Statements of the Association and entities controlled by the Association.

The Financial Statements are presented in pounds sterling which is the Group's functional currency. Unless otherwise stated, amounts are denominated in millions (£m) rounded to the nearest £0.1 million.

Basis Of Accounting

The Group's and Association's Financial Statements (the Financial Statements) have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards. They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2022. Additional guidance is taken from the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP) where this does not conflict with IFRS.

Alternative Performance Measures

In the reporting of financial information, the Group uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Group.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Group's underlying performance.

In determining whether events outside normal operations should be adjusted for, the Group considers whether these items are significant either because of their size or their nature. An item will be considered for adjustment if it meets one of the following criteria:

- It is directly incurred as a result of an acquisition.
- It arises from a major business change or restructuring programme.
- It relates to a major refinancing of loans and borrowings.
- It is unusual in nature, e.g. outside the normal course of business.

Further details of the Group's APMs, including reconciliations to line items within the primary Financial Statements and accompanying notes, are included in Appendix 3.

New Tenant Satisfaction Measures (TSMs) were introduced by the Regulator of Social Housing in April 2023 and the metrics are referred to throughout the Annual Report.

Going Concern

The Group's operations, together with the factors likely to affect its future performance and financial position, are set out in the Strategic Report on pages 11 to 51.

The Group manages its exposure to risk, and this activity is reviewed and scrutinised by the Group Audit and Risk Committee. Details of the Group's Golden Rules and principal risks are discussed on pages 58 to 62.

Information about the Group's approach to treasury management can be found in the Chief Financial Officer's Review on pages 24 to 28, as well as within note 24 to the Financial Statements (Financial Instruments and Risk Management).

The Group's core operations are built on a solid base with strong relationships forged over the years with local authorities. The Group prepares robust business plans which are reviewed by the Regulator of Social Housing (RSH).

The Group's strategy and core strength is reflected in its external ratings with the RSH and credit agencies, with a V2 viability status from the RSH and investment grade ratings of A2 Stable from Moody's and A Stable from Standard & Poor's.

The Group Board's assessment of the Group and the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements. The cash flow forecasts fully incorporate the Group's capital commitments and show that the Group and Association will have sufficient funds to continue to meet liabilities as they fall due. In order to demonstrate the Group's financial resilience, a number of severe but plausible downside scenarios have been modelled, which individually and in combination show that there is sufficient headroom for liquidity purposes and no breaches of covenants. Scenarios include: a prolonged period of high inflation, energy cost increases, a rent cap in England, deterioration in income collection, an increase in voids, a reduction in student and care occupancy, lower development sales and greater maintenance demand.

Significant liquidity and facilities to draw upon ensure the Group is able to withstand any additional external challenges that arise. At 31 March 2026, the Group had cash balances of £137.0 million and a further £318.3 million of undrawn facilities; the Group's total capacity stood at £2.2 billion (cash, undrawn facilities and available security). Post year end, on 16 June 2026, the Group issued £350 million of secured sustainable Notes under its Euro Medium-Term Note programme, further increasing liquidity.

Borrowing covenants are constantly monitored as part of the Group's Golden Rules, to ensure that they will continue to be met based on latest projections (page 58).

Having assessed the principal risks as set out on pages 59 to 62, the other matters discussed in connection with the Viability Statement on page 64 and the severe but plausible downside sensitivities, the Group Board considers that the Group and the Association have adequate resources to remain in operation for the foreseeable future, have sufficient cash to meet their needs for the foreseeable future and will continue to meet all borrowing covenants. The Group Board has therefore continued to adopt the going concern basis in preparing the Financial Statements.

IFRSs Not Yet Applied

The following list details new standards, amendments and interpretations which are not yet effective, which may have an impact on the accounting within the Group's Financial Statements in future periods:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: (annual periods beginning on or after 1 January 2026).
- Amendments to IFRS 18 Presentation and Disclosure in Financial Statements (annual periods beginning on or after 1 January 2027).

Other forthcoming standards, amendments or interpretations which are not covered within the above are unlikely to impact the Financial Statements of the Group.

Critical Accounting Judgements

In the process of applying the Group's and Association's accounting policies, management has made certain judgements which have an impact upon the Financial Statements, these are detailed below.

Classification Of Property

A degree of judgement is required over whether certain property held by the Group is treated as property, plant and equipment or as investment property.

Investment property is property held to earn rentals or for capital appreciation or both. The Group considers all of its commercial property and its property held for student lettings to fall under this definition.

Property held for use in the production or supply of goods or services or for administrative purposes is treated as property, plant and equipment. The Group has therefore classified its office buildings (held for administrative purposes) and its care homes (held for the provision of care services) as property, plant and equipment.

A greater degree of judgement is required over the classification of housing property held for social lettings. It is the Group's opinion that while rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment. This treatment is consistent with housing associations that have chosen the alternative option of applying the revised UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion; it is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Critical Accounting Estimates And Assumptions

The preparation of the Group's and Association's Financial Statements requires management to make estimates and assumptions that affect reported carrying amounts of assets and liabilities.

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed on the next page.

Swan Housing Association Provisions

Provisions arising from the acquisition of Swan Housing Association totalled £67.4 million at 31 March 2026. Recognition of provisions, especially in the context of an acquisition, is inherently judgemental and quantification requires estimates to be made. Where possible, estimates are based on third-party assessments or industry data, with legal advice being sought, where required, to establish contractual obligations, or to support quantification of the outcome of cases.

Included within these provisions is a sum of £37.3 million (2025: £39.4 million) relating to cladding and fire safety obligations. Measurement of these provisions requires judgement regarding scope of works, timing, contractual responsibilities and the extent of recoveries from third parties.

These estimates are subject to significant uncertainty and may change as contractual positions and negotiations develop.

Subsequent developments, including agreements reached with third parties after the reporting date, may affect the ultimate settlement of these obligations (see note 35).

Further details are included in note 26.

Retirement Benefit Obligation Valuations

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- Inflation rate;
- Life expectancy; and
- Discount rate.

The Group is exposed to risks through its defined benefit schemes if actual experience differs to the assumptions used and through volatility in the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 29.

Other Accounting Judgements, Estimates And Assumptions

Impairment Of Care Home Property Assets

Where indicators of impairment exist then an asset's recoverable amount must be estimated to determine if an impairment adjustment is required; this entails making a number of assumptions, which include:

- Future occupancy levels;
- Fee rates;
- Inflation rates;
- Discount rates; and
- Sustainable Earnings Before Interest, Taxation, Depreciation, Amortisation, Rent and Management fees (EBITDARM) and EBITDARM multiples for determining valuations.

Further details of the general principles of impairment testing are included later within note 1. Details of the specific assumptions used are included in note 13.

Classification And Measurement Of Assets Held For Sale

The Group is actively exploring the potential sale of the majority of its student accommodation assets and has determined that at 31 March 2026, a number of these assets and directly associated liabilities meet the classification requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations to be classified as held for sale. Certain assets are subject to nominations arrangements; the most appropriate classification for these assets is investment property, despite the fact that there remains an intention to dispose of these properties. The fair value of the student accommodation assets has been adjusted within the framework of IAS 40 Investment Property. In determining fair value at 31 March 2026, management considered transaction terms under negotiation in an active sale process, together with broader market evidence. This assessment required judgement regarding the market conditions at the reporting date in conjunction with the active sale process. Subsequent developments in market conditions and transaction negotiations may affect the ultimate outcome (see note 35).

Certain Shared Ownership assets have also been judged to meet the held for sale classification requirements of IFRS 5. Interaction with interested parties has determined that there is no indication of impairment to the net book values transferred from property, plant and equipment and as such, no further valuation adjustments have been made under IFRS 5.

Other Provisions And Contingent Liabilities

A provision is recognised when the Group has a measurable present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, by their nature, have a degree of uncertainty over the timing or amount of the future expenditure required in settlement. Management determines the level of an obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience and, where applicable, information provided by independent experts. Details of the provisions held within the Group are included in note 26.

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated.

Inventory Carrying Value

The Group has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value, with reference to estimates of costs to complete and remaining revenues. The assumptions and estimates for both revenue and costs are based on conditions existing at the reporting date, with reference to recent experience on similar properties and site-specific knowledge.

A material portion of the Group's activities are undertaken through house building and development and the Group is required to make estimates in accounting for revenue and margin. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

Specific procedures for assessing development projects include:

- **Market analysis** – A review of potential impact on build costs and sales revenues based on analysis of information published by the leading consultants in the sector;
- **Contract analysis** – A review of current contractual positions and the potential impact on build costs; and
- **Impact analysis** – Application of a series of sensitivities to existing models to assess the impact of potential revenue and cost movements.

Details of the year end review are included in note 19.

Revenue

Many of the Group's activities involve a high number of end service users, each of whom has a separate contract. However, for each activity type (for example, general needs housing) there is very little variation in the substance of the individual contracts. In arriving at its conclusions over application of IFRS 15, management has therefore applied the practical expedient that allows application of the Standard to portfolios of contracts with similar characteristics, rather than to individual contracts. Management believes that the effect on the Financial Statements of applying the Standard to the portfolios does not differ materially from applying the Standard to the individual contracts within the portfolios.

Detailed consideration has been given to the way in which shared ownership property transactions should be accounted for under IFRS 15. Since such transactions are unique to the housing industry no specific guidance is offered within the Standard itself and so in reaching this conclusion management has relied upon an assessment of the substance of the underlying elements of the arrangement, while considering guidance within the housing SORP and drawing on wider industry practice.

Climate Change

The Group has considered the impact of climate change in preparing these Financial Statements, in the context of its Environment and Climate Change Strategy, which is discussed in the Environment and Sustainability section on pages 21 to 23.

Climate change mitigation activities are already well underway across the Group, with a short-term target of halving operational carbon emissions by 2030, as detailed on page 22. The Group continues to invest in environmental initiatives to drive decarbonisation, and the effect that these initiatives may have on existing asset component lives is kept under constant review. To date, works have been within existing life cycles or additive in nature and so have not been indicative of a shortening of component lives.

Climate risks are considered when assessing assets for impairment. The review of physical climate-related risks such as flooding, changes in temperature and extreme weather events, has not resulted in identification of indicators of impairment for the Group's assets. When determining cash flows for value in use calculations, climate change is deemed to have a negligible impact on the Group's income streams and maintenance requirements in the short or medium-term and so no adjustments have been required.

The Group continues to improve sustainability standards in the construction of new homes in a range of ways to reduce carbon emissions and to minimise exposure to physical climate change risks in the future.

Climate change in relation to defined benefit pension schemes is discussed in note 29.

Whilst there is currently no material impact expected from climate change over the short to medium-term, the Group will continue to assess the risks of climate change against judgements and estimates made in preparation of the Group's Financial Statements.

Fair Value Measurement

A number of assets and liabilities included in the Group's Financial Statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible.

The Group measures (or discloses) the following items at fair value:

- Investment property (note 14)
- Equity investments at FVOCI – listed investments (notes 15 and 24)
- Derivative financial instruments (notes 16 and 24)
- Certain loans with embedded interest rate swaps (notes 24)

Basis Of Consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Association and entities controlled by the Association.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Business combinations are accounted for using the acquisition method.

Investments in subsidiaries are accounted for at cost less any impairment for permanent diminutions in value.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. The Group has a number of joint ventures whereby it has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Application Of The Equity Method To Joint Ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions Eliminated On Consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill Arising On Business Combinations

Goodwill is calculated as the difference between the fair value of the aggregate of the consideration transferred and the net fair value of identifiable assets acquired and liabilities assumed.

If the difference calculated above is positive, the amount is treated as an intangible asset in the Statement of Financial Position and is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment with any impairment losses recognised in the Statement of Comprehensive Income.

Where the consideration transferred is lower than the net fair value of identifiable assets acquired and liabilities assumed, the resulting gain is credited to the Statement of Comprehensive Income in the period in which the business combination takes place, as a gain on acquisition.

Investments Treated As Non-Current Assets

Where the investments in listed or unlisted securities are held as a condition of financing arrangements, with the result that the Group's ability to utilise these funds is restricted in the long-term, the investments are treated as non-current assets.

Listed investments are accounted for as fair value through other comprehensive income (FVOCI). Unlisted investments are stated at amortised cost less impairment.

Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

A significant proportion of the Group's income is derived from contracts of 'residential occupation'. Management has determined that social housing tenancies and student licences do not meet the definition of leases; consequently, they are treated as revenue contracts under IFRS 15.

As per the Standard, revenue must be recognised either over time or at a point in time. The majority of the Group's activities are services where the customer consumes the benefits of performance simultaneously with the Group performing and so revenue is recognised over time. Revenue from property sales, which is a transfer of goods, is recognised at a point in time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from a customer. Such balances include payments received in advance and deferred income.

Contract receivables are unconditional rights to consideration where only the passage of time is required before payment becomes due. Such balances include rental receivables, other trade receivables and accrued income.

The Group has presented contract liabilities as separate line items on the Statement of Financial Position while contract receivables are included within trade and other receivables.

IFRS 15 requires that the incremental costs of obtaining a contract with a customer are capitalised if those costs are expected to be recovered through future services to the customer. The Group does not incur costs such as sales commissions in obtaining contracts and any pre-contract costs that are incurred are not incremental, consequently no asset of this nature has been recognised. The Group continually reviews costs incurred in fulfilling contracts to determine if they require capitalisation under the Standard.

Accounting for the revenue from shared ownership property transactions is considered to be an accounting judgement.

Intangible Assets – Software

Software acquisition costs, licence costs and development costs are treated as intangible assets and stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the software from the date it is available for use.

The estimated useful lives used for software are between 4 to 10 years. Management judges these estimated lives to be a reasonable reflection of the economic lives of the assets.

Property, Plant And Equipment And Depreciation

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

Land And Buildings

Land and buildings consists of housing properties for social rent (including care homes) and shared ownership properties. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of investment property and accounted for as PPE. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

a) Cost of acquiring land and buildings;
b) Construction costs including internal equipment and fitting;
c) Directly attributable development administration costs;
d) Cost of capital employed during the development period;
e) Expenditure incurred in respect of improvements and extensions to existing properties; and
f) Construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure on housing properties, capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. Other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 to 125 years
Doors and door entry systems	10 to 40 years
Bathrooms	15 to 40 years
External works	20 to 25 years
Heating systems	15 to 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Offices, Plant And Equipment

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices) and improvements	10 to 40 years
Leasehold land and buildings (offices)	Over the period of the lease
Furniture and equipment	4 to 10 years
Motor vehicles	4 to 7 years
Computer equipment (excluding software)	4 to 10 years

Investment Property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. The Group classifies its property held for student lettings and its commercial property as investment property.

The Group has chosen to apply the fair value model to its investment properties, with changes in fair value recognised in the Income Statement.

With a potential sale of the Group's student accommodation underway, fair values have been adjusted to reflect direct interactions with interested parties. These fair values have been judged to represent a market participant valuation.

Fair values of commercial properties were assessed through a combination of external valuation by independent valuers in accordance with the RICS Valuation Professional Standards 'Red Book' and internal valuation using either direct market comparison to selling prices of similar properties, or an income capitalisation approach using rental income and market yields.

Further details on the measurement of fair values for investment properties are included within note 14.

Shared Ownership Property

Under shared ownership arrangements, the Group disposes of a long lease to the occupier; the initial lease premium paid for the first tranche is typically for between 25% and 75% of the value. The occupier has the right to purchase further proportions. A shared ownership property comprises two assets: that to be disposed of in the first tranche, which is recorded as inventory within current assets; and that retained by the Group, which is recorded as a non-current asset (PPE) in the same manner as general needs housing properties. Proceeds of sale for first tranches are accounted for as revenue in the Income Statement, with apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold (staircasing) are reflected as surpluses or deficits on sale of housing properties, shown within other gains and losses on the Income Statement.

Capitalised Borrowing Costs And Capitalised Staff Costs

Interest on the Group's and Association's borrowings is capitalised when directly attributable to the construction of an asset that necessarily takes a substantial amount of time to get ready for its intended use or sale. For the Group, qualifying assets are properties under construction for sale or rental. The interest is either on borrowings specifically financing a scheme (after deduction of interest on Social Housing Grant (SHG) received in advance) or the weighted average borrowing rate across net borrowings deemed to be financing a scheme. Where a scheme has SHG in excess of costs, interest receivable is accrued against the balance.

Labour costs of the Group's and Association's own employees that are incurred in relation to the development of properties, whether for sale or rental, are also capitalised.

Social Housing Grant (SHG) And Other Public Grant

Where developments have been financed wholly or partly by SHG and/or other public grant, the amount of grant received is offset against the cost of developments on the face of the Statement of Financial Position. In instances where grant for the development programme exceeds development costs, an amount equal to the excess is held in payables. Where grants are receivable for the development programme in arrears the amounts are accrued within receivables. Where grants are repayable and the associated asset is sold, the grant is held within the recycled capital grant fund (RCGF) within payables until it is recycled or repaid to the issuer.

Under IAS 20 the policy choice has been made to deduct the grant from the carrying amount of the associated assets. The grant is recognised in the Income Statement over the life of the depreciable assets as a reduced depreciation expense.

Recycled Capital Grant Fund

In certain circumstances the Group and Association are permitted to retain the SHG relating to properties sold and to apply this to further property development within a certain time frame. If this time frame is exceeded the grant may be repayable. In these circumstances it is included within the RCGF within payables.

Impairment

Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortised cost

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Other loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date.
- Other debt securities and bank balances for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, that is based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be 'Baa3' or higher as per the rating agency Moody's.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects a market participant rate and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs.

Impairment Testing – Property

When an impairment indicator is identified, an impairment review is performed at an individual CGU level and carrying value is compared to recoverable amount, which is defined as the higher of:

- Fair value less selling costs, or
- Value in use.

Should the carrying value of the CGU exceed the higher of these measures, it is impaired to this value, with the movement going through the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A valuation technique that may be used to determine fair value is the cost approach, which reflects the amount that would be required currently to replace the service capacity of the asset (current replacement cost). For social housing properties this is depreciated replacement cost (DRC) of the property. To determine the DRC, the Group uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

Value in Use (VIU) is the present value of the future cash flows expected to be derived from the CGU, established by estimating future cash inflows and outflows from the use of the asset and applying an appropriate discount rate to those cash flows.

Impairment Testing – Goodwill And Other Intangible Assets

The Group tests goodwill and other intangible assets annually for impairment or more frequently if there are indications that items might be impaired. The carrying value of the relevant CGU is compared to the recoverable amount to ascertain if impairment is required. Recoverable amounts for CGUs are based on the higher of value in use and fair value less costs of disposal. VIU is determined by calculating the present value of future cash flows of the CGU, using discount rates that reflect the time value of money and risks specific to the CGU.

Inventories

Inventories are stated at the lower of cost and net realisable value and comprise properties held for sale and consumables used by the Group's maintenance operation. Properties held for sale include properties held for outright sale and proportions of shared ownership properties allocated as first tranche sales; costs include direct materials, direct labour and other direct costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any anticipated selling costs. Maintenance consumables are valued on a first in, first out basis.

Assets Classified As Held For Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, assets are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the Income Statement.

Where a group of assets is expected to be sold in a single transaction, the Group considers these assets, along with liabilities directly associated with those assets to be a disposal group under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As A Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the initial rate implicit in the lease. The Group uses a single discount rate for each portfolio of leases with reasonably similar characteristics.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Short-Term Leases And Leases Of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term and low value assets. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

As A Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Financial Instruments

Recognition And Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification And Subsequent Measurement

a) Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The funding needs of the Group
- How the performance of the assets is evaluated and reported to the Group's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- The contractual cash flows
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment Of Contractual Cash Flows That Are Solely Payments Of Principal And Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features
- Terms that limit the Group's claim to cash flows from specified assets (for example non-recourse features).

b) Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

a) Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

b) Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative Financial Instruments And Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments which hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow Hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The forward points are accounted for as a cost of hedging; they are recognised in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Cash And Cash Equivalents

Cash and cash equivalents relates to amounts held in bank current accounts and short-term investments with maturities of three months or less, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financing Costs

Costs which are incurred directly in connection with the raising of private finance are deducted from the liability and amortised over the term of the loan on a consistent periodic rate of charge. Premiums or discounts on financial instruments are amortised using the effective interest rate basis or a straight-line basis where it can be demonstrated that there is no material difference between the two methods.

Leasehold Service Charge Sinking Funds

The Group and Association are required to set aside sums for future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added. Amounts accumulated in the fund are included within trade and other receivables and within trade and other payables. Unutilised contributions to sinking funds and over recovery of service costs repayable to tenants/leaseholders are shown in liabilities (including any interest). Where there has been an under recovery of variable service charges, the balance is included within receivables to the extent it is recoverable.

Retirement Benefits

The Group's and Association's pension arrangements comprise various defined benefit and defined contribution schemes. Where the underlying assets and liabilities of the defined benefit schemes can be separately identified the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included within other comprehensive income. Current and past service costs, curtailments and settlements are recognised within operating surplus. Interest on net pension liabilities is recognised as a finance expense. Key assumptions used in determining the valuation of defined benefit schemes are given within critical accounting estimates and assumptions.

For defined contribution arrangements, the cost charged to the Statement of Comprehensive Income represents the Group's contributions to those schemes in the financial year in which they fall due.

2. Revenue

Nature Of Goods And Services And Revenue Recognition

The following is a description of the principal activities from which the Group derives its revenue.

Product/ service	Nature, timing of satisfaction of performance obligations and significant payment terms
Social housing lettings income	Social housing lettings income relates to rent and service charges received from social housing tenancies, which may be classified as: general needs, sheltered housing, extra care, shared ownership (all affordable housing division), supported housing (supported living division) or keyworker accommodation (student division). Revenue is recognised over time based on rental periods, in accordance with tenancy agreements. Where periodic timing differences arise between billing and rental periods, then revenue is accrued or deferred accordingly. Some older tenancy agreements include rent-free periods each year, in these cases income is accrued or deferred in order to recognise the rent-free periods on a straight-line basis over 52 weeks. Tenants generally pay weekly or monthly in advance.
Domiciliary	Home care services are provided to certain tenants of extra care schemes. Revenue is recognised based on care hours delivered. Clients are generally billed either weekly, fortnightly, four-weekly or monthly, in arrears, depending on the terms of the individual contract.
Supported registered services	Supported registered services (CQC registered services) encapsulate both residential and non-residential care and support. Residential care and support services are provided to individuals who are in care homes for reasons other than being an older person, for instance due to physical or mental disabilities. Revenue is recognised based on number of bed days occupied in the period. Billing is predominantly done on a four-week cycle, which may be in advance or arrears. Non-residential care and support services are generally supported living services where income is separately recognised for rent and service charges (social housing lettings income); support income may be received for support hours delivered, dependent upon the client needs and the agreements with the local authority and/or the client.
Supporting People income	Supporting People income is a specific form of revenue received from local authorities to provide housing-related support services to vulnerable individuals. This includes people with disabilities, people with mental health issues, young people, homeless people or people at risk of domestic violence. Revenue is recognised based either on support hours delivered in a period (spot contracts) or at a fixed amount each period (block contracts), depending on the specific agreement. Billing is predominantly done on a four-week cycle.

Product/ service	Nature, timing of satisfaction of performance obligations and significant payment terms
Care homes	Residential and nursing homes for older people are managed within the care division. Revenue relates to provision of residential/nursing care, with contracts in place with local authorities, the NHS and private self-funders. Revenue is recognised based on the number of bed days occupied (or available for occupation in the case of block contracts) in the period. Billing is generally monthly or four-weekly in advance.
Student lets	Student lettings income is received through direct lets or via nominations agreements with universities. Revenue is recognised in accordance with the rental contract periods and is generally billed termly in advance.
Facilities management	The Group provides facilities management services for several student and non-student sites. Performance is by virtue of managing the sites, with all that this entails, and so revenue is recognised equally throughout the year based on the contracted annual fees; this is generally billed quarterly.
Property sales – outright sales	Property held for sale in the ordinary course of business or in the process of construction or development for such a sale is treated as inventory as per IAS 2; sales of these properties are treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale to the new owner of the property when consideration is also received.
Property sales – initial sales	Initial sales are governed by a shared ownership arrangement, where the Group will retain a percentage of the ownership of the property with the new shared owner having the remaining share. The Group recognises sales of shared ownership properties as those where the initial tranche of equity has been sold; this is treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale of the acquired proportion when consideration is also received.

Disaggregation Of Revenue

In the following tables, revenue is disaggregated by major products and services using the same headings as the note prepared to meet the requirements of the Accounting Direction for Private Registered Providers of Social Housing 2022 (Appendices 1 and 2) and reconciled to the Group's operating segments (note 6).

Year ended 31 March 2026 - Group	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	584.8	72.5	-	13.1	-	-	**670.4**
Social Housing contracts	8.8	-	-	-	-	-	**8.8**
Home ownership and managed properties	12.5	1.1	-	-	-	-	**13.6**
Supported registered services	-	11.2	-	-	-	-	**11.2**
Supporting People contract income	-	30.6	-	-	-	-	**30.6**
Other social housing income	1.0	9.6	-	1.3	-	-	**11.9**
Student lettings, facilities management and commercial	7.5	-	-	73.0	-	-	**80.5**
Care homes	-	-	311.7	-	-	-	**311.7**
External maintenance services	-	-	-	-	-	-	**-**
Domiciliary	-	3.5	-	-	-	-	**3.5**
Other development income	-	-	-	-	-	0.4	**0.4**
Other non-social housing income	0.7	-	-	-	-	2.0	**2.7**
Total revenue over time	**615.3**	**128.5**	**311.7**	**87.4**	**-**	**2.4**	**1,145.3**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	15.3	-	**15.3**
Non-social housing property sales	-	-	-	-	56.0	-	**56.0**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**71.3**	**-**	**71.3**
Total revenue from external customers	**615.3**	**128.5**	**311.7**	**87.4**	**71.3**	**2.4**	**1,216.6**
Less lease income	-	(6.2)	-	(6.3)	-	-	(12.5)
Revenue from contracts with customers	**615.3**	**122.3**	**311.7**	**81.1**	**71.3**	**2.4**	**1,204.1**

Year ended 31 March 2025 - Group	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	562.3	84.4	-	12.4	-	-	**659.1**
Social Housing contracts	7.5	-	-	-	-	-	**7.5**
Home ownership and managed properties	11.8	1.3	-	-	-	-	**13.1**
Supported registered services	-	14.5	-	-	-	-	**14.5**
Supporting People contract income	-	12.4	-	-	-	-	**12.4**
Other social housing income	3.5	7.7	-	1.4	-	-	**12.6**
Student lettings, facilities management and commercial	3.8	-	-	67.4	-	-	**71.2**
Care homes	-	-	290.3	-	-	-	**290.3**
External maintenance services	2.4	-	-	-	-	-	**2.4**
Domiciliary	-	3.8	-	-	-	-	**3.8**
Other development income	-	-	-	-	-	0.3	**0.3**
Other non-social housing income	-	-	-	-	-	2.2	**2.2**
Total revenue over time	591.3	124.1	290.3	81.2	-	2.5	**1,089.4**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	13.7	-	**13.7**
Non-social housing property sales	-	-	-	-	76.2	-	**76.2**
Total revenue at a point in time	-	-	-	-	89.9	-	**89.9**
Total revenue from external customers	591.3	124.1	290.3	81.2	89.9	2.5	**1,179.3**
Less lease income	-	(5.9)	-	(5.7)	-	-	(11.6)
Revenue from contracts with customers	591.3	118.2	290.3	75.5	89.9	2.5	**1,167.7**

Year ended 31 March 2026 - Association	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	428.9	50.3	-	5.2	-	-	**484.4**
Home ownership and managed properties	8.8	0.6	-	-	-	-	**9.4**
Supporting People contract income	-	15.6	-	-	-	-	**15.6**
Other social housing income	-	6.9	-	0.2	-	-	**7.1**
Student lettings, facilities management and commercial	-	-	-	67.7	-	-	**67.7**
Non-social housing development contracts	-	-	-	-	-	-	**-**
Other development income	-	-	-	-	-	0.2	**0.2**
Management charges (intra-Group)	-	-	-	-	-	61.7	**61.7**
Other non-social housing income	-	-	-	-	-	9.7	**9.7**
Total revenue over time	**437.7**	**73.4**	**-**	**73.1**	**-**	**71.6**	**655.8**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	-	-	**-**
Non-social housing property sales	-	-	-	-	0.9	-	**0.9**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**0.9**	**-**	**0.9**
Total revenue from external customers	**437.7**	**73.4**	**-**	**73.1**	**0.9**	**71.6**	**656.7**
Less lease income	-	(5.2)	-	-	-	-	(5.2)
Revenue from contracts with customers	**437.7**	**68.2**	**-**	**73.1**	**0.9**	**71.6**	**651.5**

Year ended 31 March 2025 - Association	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	393.1	58.7	-	4.9	-	-	**456.7**
Home ownership and managed properties	8.0	0.8	-	-	-	-	**8.8**
Supporting People contract income	-	4.7	-	-	-	-	**4.7**
Other social housing income	0.3	6.6	-	0.1	-	-	**7.0**
Student lettings, facilities management and commercial	-	-	-	62.4	-	-	**62.4**
Non-social housing development contracts	-	-	-	-	-	-	**-**
Other development income	-	-	-	-	-	0.1	**0.1**
Management charges (intra-Group)	-	-	-	-	-	37.0	**37.0**
Other non-social housing income	-	-	-	-	-	6.8	**6.8**
Total revenue over time	**401.4**	**70.8**	**-**	**67.4**	**-**	**43.9**	**583.5**
Revenue at a point in time	-	-	-	-	-	-	**-**
Shared ownership first tranche sales	-	-	-	-	-	-	**-**
Non-social housing property sales	-	-	-	-	6.2	-	**6.2**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**6.2**	**-**	**6.2**
Total revenue from external customers	**401.4**	**70.8**	**-**	**67.4**	**6.2**	**43.9**	**589.7**
Less lease income	-	(5.0)	-	-	-	-	(5.0)
Revenue from contracts with customers	**401.4**	**65.8**	**-**	**67.4**	**6.2**	**43.9**	**584.7**

2. Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Group		Association	
	2026 £m	**2025 £m**	**2026 £m**	**2025 £m**
Contract receivables (included in trade and other receivables)				
Tenant rental receivables (note 17)	16.5	15.3	9.8	11.9
Other trade receivables (note 17)	23.4	22.0	3.1	3.9
Accrued income (note 17)	24.0	20.0	5.3	9.6
	63.9	**57.3**	**18.2**	**25.4**
Contract liabilities				
Payments received in advance	(44.0)	(45.3)	(25.0)	(22.9)
Deferred income	(20.1)	(21.7)	(9.0)	(8.9)
	(64.1)	**(67.0)**	**(34.0)**	**(31.8)**

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

3. Other Income

	Group		Association	
	2026 £m	**2025 £m**	**2026 £m**	**2025 £m**
Gift aid and other distributions from subsidiaries (note 32)	-	-	12.2	16.0
	-	**-**	**12.2**	**16.0**

4. Surplus For The Year

Cost of sales relates to the cost of properties sold in the ordinary course of business. Expenditure relating to the provision of services, which forms the majority of the Group's activities, is shown within operating expenditure.

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
The surplus is arrived at after charging/(crediting):				
Cost of sales				
Cost of inventories recognised as an expense	68.4	73.2	0.3	3.4
Development site write down				
Write down of development site	-	15.0	-	-
Operating expenditure				
Rented and sheltered credit losses (note 24)	4.8	5.4	3.7	3.1
Other credit losses (note 24)	(0.3)	2.5	-	0.6
Amortisation of intangible assets (software) (note 12)	9.0	6.4	9.0	6.9
Impairment of intangible assets (goodwill) (note 12)	1.2	-	-	-
Depreciation of property, plant and equipment (note 13)	87.8	87.8	57.8	55.9
Impairment of property, plant and equipment (note 13,20)	1.0	8.6	0.4	-
Non-capital grants offset against operating expenditure	0.4	17.1	-	16.9
Other gains and losses				
Surplus on sale of property, plant and equipment (note 7)	8.6	6.6	5.5	5.0

5. Auditor's Remuneration

Auditor's remuneration (excluding VAT) for audit and non-audit services comprises:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Fees payable to the Association's auditor and its associates for the audit of these Financial Statements	0.9	0.7	0.7	0.5
Fees payable to the Association's auditors for other services to the Group:				
The audit of the Association's subsidiaries	0.4	0.3	-	-
Total audit fees	**1.3**	**1.0**	**0.7**	**0.5**
Other assurance services	0.3	0.3	0.3	0.2
Total non-audit fees	**0.3**	**0.3**	**0.3**	**0.2**
Total audit and non-audit fees	**1.6**	**1.3**	**1.0**	**0.7**

The above shows fees paid to the Group's external statutory auditor. Other assurance services include the audit of service charge accounts and the EMTN annual update.

Amounts receivable by the Association's auditor and its associates in respect of the audit of Financial Statements of associated pension schemes totals £nil (2025: £nil).

6. Operating Segments

The Group's reportable segments are based on its operational divisions which offer distinguishable services, are managed separately and are regularly assessed by the chief operating decision maker, identified as the Executive Committee, which includes the Group Chief Executive, the Chief Financial Officer and the Executive Director – Corporate Services, all of whom are also Group Board members.

Operating division results include items directly attributable to the segment, together with apportioned centralised costs. Central costs are allocated based on a number of factors including headcounts, desk spaces, asset values and turnover within each of the respective operations.

Information relating to each reportable segment is set out below:

2026	Affordable housing £m	Supported living £m	Care £m	Student & market rented £m	Development sales £m	All other segments* £m	Intra-Group eliminations £m	Total £m
Revenue from external customers	615.3	128.5	311.7	87.4	71.3	2.4	-	1,216.6
Internal maintenance income	218.5	-	-	-	-	-	(218.5)	-
Internal maintenance costs	(218.5)	-	-	-	-	-	218.5	-
Cost of sales	-	-	-	-	(68.4)	-	-	(68.4)
Operating costs	(345.1)	(123.7)	(285.1)	(46.9)	-	(10.2)	-	(811.0)
Divisional EBITDA**	**270.2**	**4.8**	**26.6**	**40.5**	**2.9**	**(7.8)**	**-**	**337.2**
Depreciation	(62.1)	(11.4)	(18.9)	(0.8)	-	(3.6)	-	(96.8)
Impairment	-	-	(0.6)	-	-	(1.6)	-	(2.2)
Reportable segment surplus	**208.1**	**(6.6)**	**7.1**	**39.7**	**2.9**	**(13.0)**	**-**	**238.2**
Corporate central overheads***								(8.0)
Other gains and losses (note 7)								8.6
Share of profits of joint ventures and associates								0.4
Operating surplus								**239.2**

2025	Affordable housing £m	Supported living £m	Care £m	Student & market rented £m	Development sales £m	All other segments* £m	Intra-Group eliminations £m	Total £m
Revenue from external customers	591.3	124.1	290.3	81.2	89.9	2.5	-	1,179.3
Internal maintenance income	177.1	-	-	-	-	-	(177.1)	-
Internal maintenance costs	(177.1)	-	-	-	-	-	177.1	-
Cost of sales	-	-	-	-	(73.2)	-	-	(73.2)
Operating costs	(332.5)	(120.2)	(268.0)	(46.7)	-	(5.6)	-	(773.0)
Divisional EBITDA**	**258.8**	**3.9**	**22.3**	**34.5**	**16.7**	**(3.1)**	**-**	**333.1**
Depreciation	(61.5)	(10.4)	(16.6)	(0.8)	-	(3.1)	-	(92.4)
Impairment	-	-	(1.3)	-	-	(7.3)	-	(8.6)
Reportable segment surplus	**197.3**	**(6.5)**	**4.4**	**33.7**	**16.7**	**(13.5)**	**-**	**232.1**
Corporate central overheads***								(7.2)
Integration and restructuring costs								(1.9)
Write down of development site								(15.0)
Other gains and losses (note 7)								6.6
Share of profits of joint ventures and associates								1.1
Operating surplus								**215.7**

Divisional EBITDA %**	Affordable housing	Supported living	Care	Student & market rented	Development sales	Total
2026	43.9%	3.7%	8.5%	46.3%	4.1%	27.7%
2025	43.8%	3.1%	7.7%	42.5%	18.6%	28.2%

*Other segments comprises sundry external income and associated costs and development administration costs.

**Divisional EBITDA includes directly attributable divisional costs and apportioned central costs. It is presented before depreciation, impairment and a development site write down (in prior year), and excludes unallocated corporate central overheads, costs associated with integration and restructuring and other gains and losses.

***Included within corporate central overheads is depreciation of £nil (2025: £1.8 million).

Details of the Group's operating divisions are included in the Business Reviews on pages 30 to 39.

7. Other Gains And Losses

Group

2026	Right to buy/ acquire £m	Subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Fixed asset investments £m	Total 2026 £m
Proceeds	6.9	10.8	2.9	4.2	0.2	**25.0**
Cost of disposals	(5.5)	(5.7)	(1.7)	(3.5)	-	**(16.4)**
	1.4	5.1	1.2	0.7	0.2	**8.6**

2025	Right to buy/ acquire £m	Subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Fixed asset investments £m	Total 2025 £m
Proceeds	4.2	7.4	3.9	1.8	-	**17.3**
Cost of disposals	(3.4)	(3.7)	(2.7)	(0.9)	-	**(10.7)**
	0.8	3.7	1.2	0.9	-	**6.6**

Association

2026	Right to buy/ acquire £m	Subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Fixed asset investments £m	Total 2026 £m
Proceeds	5.9	4.9	1.8	4.1	0.2	**16.9**
Cost of disposals	(5.0)	(2.0)	(1.0)	(3.4)	-	**(11.4)**
	0.9	2.9	0.8	0.7	0.2	**5.5**

2025	Right to buy/ acquire £m	Subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Fixed asset investments £m	Total 2025 £m
Proceeds	4.2	3.4	2.7	1.7	-	**12.0**
Cost of disposals	(3.2)	(1.2)	(1.7)	(0.9)	-	**(7.0)**
	1.0	2.2	1.0	0.8	-	**5.0**

Cost of disposals includes the carrying amount of assets prior to disposal and other related disposal costs.

Subsequent staircasing relates to shared ownership properties, where the tenant owners have purchased an additional stake in the property from the Group or Association. This is treated as a gain or loss on asset disposal based on guidance from the SORP that does not conflict with IFRS.

8. Key Management Remuneration And Employee Information

Key Management Personnel

Members of the Board of Directors and Executive Committee are deemed to be key management personnel.

Emoluments of the Group Board for the financial year was as follows:

	2026 £'000	2025 £'000
Salary and benefits in kind – Executive Board Directors	1,004	975
Pension contributions and payments in lieu of pension contributions – Executive Board Directors	96	97
	1,100	1,072
Salary – Non-Executive Board Directors	276	271
Benefits in kind – Non-Executive Board Directors	-	-
	1,376	**1,343**

The emoluments (excluding pension contributions and analogous payments) of the Group Board Directors and Executive Committee were:

Executive Board Members at 31 March 2026 and those served during the year		Salary £'000	Benefits excluding pension contributions and payments in lieu of pension contributions £'000	Total £'000	Pension contributions and payments in lieu of pension contributions £'000
Craig Moule	Group Chief Executive	426	19	**445**	64
Ed Lunt	Chief Financial Officer	303	15	**318**	16
Nicole Seymour	Executive Director – Corporate Services	226	15	**241**	16

		Salary £'000	Other benefits £'000	Total £'000
Non-Executive Board Members				
Andrew Manning-Cox	Group Chair	64	-	**64**
James Thallon	Non-Executive Board Director	32	-	**32**
Arvinda Gohil	Non-Executive Board Director	38	-	**38**
Ian Chisholm	Non-Executive Board Director	32	-	**32**
Ros Kerslake	Non-Executive Board Director	32	-	**32**
Olu Odeniyi	Non-Executive Board Director	26	-	**26**
Nigel Wilcock	Non-Executive Board Director	26	-	**26**
Kevin Lavery	Non-Executive Board Director	26	-	**26**
Other members of the Executive				
Operating division and functional Directors		1,419	92	**1,511**

The emoluments of the highest paid Executive Group Board Director (excluding payments in lieu of pension contributions) were £445,000 (2025: £428,000). The Group Chief Executive is a deferred member of the Sanctuary Housing Association Final Salary Pension Scheme, which is closed to future accrual (see note 29 for details). No enhanced or special terms apply. The Group Chief Executive does not have any other pension arrangement (including a personal pension) to which the Association or any of its subsidiaries make a contribution and instead receives pay in lieu of pension contributions as shown in the table above.

Key Management Personnel – Expenses

In addition to the emoluments detailed above, key management personnel were reimbursed for expenses necessarily incurred in the conduct of their duties amounting to £5,900 (2025: £7,400).

Employee Information

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Employee (including Directors) costs charged during the year amounted to:				
Wages and salaries	419.0	379.4	137.4	115.4
Social security costs	50.2	35.6	16.8	11.6
Other pension costs	14.8	23.8	6.8	10.6
	484.0	**438.8**	**161.0**	**137.6**

	Group		Association	
	2026 Number	2025 Number	2026 Number	2025 Number
The average monthly number of persons (including Directors) employed during the year expressed in full-time equivalents was:				
Site-based staff	7,953	7,824	812	792
Office-based staff	3,539	3,404	2,543	2,303
	11,492	**11,228**	**3,355**	**3,095**

Amounts presented above are before capitalisation of staff costs. During the year the Group capitalised staff costs totalling £22.4 million (2025: £19.9 million), which were included within inventory, PPE and intangibles. The Association capitalised staff costs totalling £5.4 million (2025: £3.6 million) and recharged staff costs to other entities, which were subsequently capitalised, totalling £16.1 million (2025: £11.7 million).

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

No loans have been made to employees for tools and travel season tickets during the financial year (2025: nil).

Senior Pay Banding

In the year, the following number of staff within the social housing part of the business, expressed in full-time equivalents, were paid remuneration (including pensions) of over £60,000:

	2026 Number	2025 Number
£60,000-£69,999	202	161
£70,000-£79,999	126	94
£80,000-£89,999	71	45
£90,000-£99,999	30	27
£100,000-£109,999	39	31
£110,000-£119,999	25	12
£120,000-£129,999	12	7
£130,000-£139,999	8	5
£140,000-£149,999	8	7
£150,000-£159,999	7	5
£160,000-£169,999	2	2
£170,000-£179,999	3	2
£180,000-£189,999	-	1
£190,000-£199,999	3	1
£230,000-£239,999	-	1
£240,000-£249,999	1	2
£250,000-£259,999	2	1
£280,000-£289,999	1	1
£290,000-£299,999	1	1
£310,000-£319,999	1	1
£330,000-£339,999	1	-
£500,000-£509,999	1	1
	544	**408**

9. Finance Income And Costs

a) Finance Income

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Interest received and receivable from:				
Short-term cash deposits	3.6	4.8	1.0	1.2
Listed investments	0.3	0.2	0.3	0.2
Other interest	1.1	1.0	0.7	2.7
	5.0	**6.0**	**2.0**	**4.1**

b) Finance Costs

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Bank loans, overdrafts and other loans:				
Repayable within five years by instalments	52.1	47.2	24.3	24.6
Repayable wholly or partly in more than five years	137.7	138.8	76.5	71.6
Interest in respect of right-of-use assets	6.5	8.4	8.0	8.1
Less: amounts transferred to housing properties in the course of construction within PPE and inventory	(9.5)	(13.0)	(1.3)	(1.0)
	186.8	181.4	107.5	103.3
Finance costs/(income) of defined benefit pension schemes	1.3	1.1	1.3	1.0
Provision discount unwind	2.1	1.1	-	-
	190.2	**183.6**	**108.8**	**104.3**

Included within bank loans, overdrafts and other loans repayable wholly or partly in more than five years is £0.8 million (2025: £0.8 million) in respect of premium and discount amortisation for the Group and £1.1 million (2025: £1.1 million) for the Association.

Interest has been capitalised on active development schemes at rates in a range of 4.19% to 4.50% for the Group (2025: 4.49% to 4.67%) and 5.06% to 5.14% for the Association (2025: 5.14% to 5.21%).

10. Student Restructure

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
(Gain)/loss on derecognition of leased assets	(0.3)	10.8	-	10.8
	(0.3)	10.8	-	10.8

In September 2025, the Group purchased the freehold of Denmark Road, student accommodation in Manchester. The gain represents the difference between the carrying value of the right of use asset and lease liability at the point of derecognition.

In the prior year, the Group purchased the freehold of Manna Ash House, student accommodation in central London, resulting in a loss on derecognition of leased assets.

11. Taxation On Surplus On Ordinary Activities

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Corporation tax				
Current year	0.6	-	-	-
Adjustments in respect of prior year	-	0.6	-	-
Current tax charge	0.6	0.6	-	-
Deferred tax charges				
Prior year timing differences	(0.6)	(0.3)	-	-
Temporary timing differences	1.7	(1.9)	-	-
	1.1	(2.2)	-	-
Total tax charge/(credit)	**1.7**	**(1.6)**	**-**	**-**

A significant proportion of the Group's activities occurs in Group entities recognised by His Majesty's Revenue and Customs as exempt charities for tax purposes and are therefore not liable to corporation tax on surpluses.

The tax charge for the year is lower (2025: lower) than the standard rate of corporation tax in the UK of 25% (2025: 25%) for the Group and Association. The differences are explained below:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Surplus/(deficit) before tax	61.3	(29.7)	40.9	105.7
	61.3	(29.7)	40.9	105.7
Surplus/(deficit) before tax multiplied by the main rate of corporation tax in the UK of 25% (2025: 25%)	15.3	(7.4)	10.2	26.4
Effects of:				
Activities which are exempt from taxation	(9.6)	6.5	(10.2)	(26.4)
Non-deductible items	0.7	1.2	-	-
Non-taxable credit	(2.5)	-	-	-
Gift aid	(1.6)	(2.2)	-	-
Adjustments in respect of prior year	(0.6)	0.6	-	-
Prior year timing differences	-	(0.3)	-	-
Temporary timing differences	-	-	-	-
Total tax charge/(credit)	**1.7**	**(1.6)**	**-**	**-**

Factors affecting future tax charge:

The rate of corporation tax has remained at the main rate of 25% (2025: 25%).

12. Intangible Assets

Group	Goodwill £m	Software £m	Total £m
Cost			
At 1 April 2024	5.9	125.9	131.8
Additions	-	16.3	16.3
Transfer between PPE and intangibles	-	(0.2)	(0.2)
Disposals	-	(6.6)	(6.6)
At 31 March 2025	5.9	135.4	141.3
At 1 April 2025	5.9	135.4	141.3
Additions	-	21.2	21.2
Disposals	-	(3.5)	(3.5)
At 31 March 2026	5.9	153.1	159.0
Amortisation and impairment			
At 1 April 2024	-	77.5	77.5
Amortisation for the year	-	6.4	6.4
Disposals	-	(6.6)	(6.6)
At 31 March 2025	-	77.3	77.3
At 1 April 2025	-	77.3	77.3
Amortisation for the year	-	9.0	9.0
Impairment	1.2	-	1.2
Disposals	-	(3.5)	(3.5)
At 31 March 2026	1.2	82.8	84.0
Net book amount at 31 March 2026	**4.7**	**70.3**	**75.0**
Net book amount at 31 March 2025	5.9	58.1	64.0
Net book amount at 1 April 2024	5.9	48.4	54.3

Association	Goodwill £m	Software £m	Total £m
Cost			
At 1 April 2024	-	125.5	125.5
Additions	-	16.0	16.0
Disposals	-	(6.4)	(6.4)
At 31 March 2025	-	135.1	135.1
At 1 April 2025	-	135.1	135.1
Additions	-	21.2	21.2
Disposals	-	(3.5)	(3.5)
At 31 March 2026	-	152.8	152.8
Amortisation and impairment			
At 1 April 2024	-	77.5	77.5
Amortisation for the year	-	6.9	6.9
Disposals	-	(6.3)	(6.3)
At 31 March 2025	-	78.1	78.1
At 1 April 2025	-	78.1	78.1
Amortisation for the year	-	9.0	9.0
Disposals	-	(3.5)	(3.5)
At 31 March 2026	-	83.6	83.6
Net book amount at 31 March 2026	**-**	**69.2**	**69.2**
Net book amount at 31 March 2025	-	57.0	57.0
Net book amount at 1 April 2024	-	48.0	48.0

In accordance with the policies set out in note 1, goodwill was tested for impairment at the year end, and impairment of £1.2 million (2025: £nil) was recognised.

13. Property, Plant And Equipment

Group	Land and buildings	Land and buildings shared ownership	Plant and equipment	Offices	Under construction	Shared ownership under construction	Total
Cost	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 April 2024	7,009.2	274.1	166.5	58.3	263.8	26.9	7,798.8
Additions	116.1	0.2	29.6	2.0	136.4	10.1	294.4
Transfer to completed land and buildings	163.8	16.6	-	-	(163.8)	(16.6)	-
Transfer between PPE categories	-	(0.4)	-	-	5.2	(4.8)	-
Transfer between PPE and intangibles	-	-	0.3	-	-	-	0.3
Transfer (to)/from inventory	(1.1)	3.3	-	-	(9.9)	10.8	3.1
Transfer to assets held for sale	4.1	(175.5)	(2.3)	(5.0)	-	-	(178.7)
Other transfers	7.2	1.1	-	-	5.6	(4.2)	9.7
Disposals	(10.3)	(4.1)	(16.8)	-	-	-	(31.2)
Balance at 31 March 2025	7,289.0	115.3	177.3	55.3	237.3	22.2	7,896.4
Additions	121.5	0.2	34.8	0.2	101.4	-	258.1
Transfer to completed land and buildings	135.2	0.2	-	-	(138.4)	3.0	-
Transfer between PPE categories	1.9	(0.4)	-	-	-	-	1.5
Transfer from/(to) inventory	4.2	36.2	-	-	16.6	(21.8)	35.2
Transfer to assets held for sale	(4.2)	(5.6)	(0.3)	(2.9)	-	-	(13.0)
Other transfers	3.1	-	-	-	-	-	3.1
Disposals	(17.7)	(2.4)	(28.5)	-	-	-	(48.6)
Balance at 31 March 2026	7,533.0	143.5	183.3	52.6	216.9	3.4	8,132.7
Depreciation and impairment							
Balance at 1 April 2024	489.2	3.5	104.5	23.9	-	-	621.1
Depreciation charge for the year	71.2	0.2	15.2	1.2	-	-	87.8
Impairment charge for the year	8.6	-	-	-	-	-	8.6
Transfer between PPE and assets held for sale	2.0	(3.6)	(2.1)	(1.0)	-	-	(4.7)
Other transfers	0.3	-	-	-	-	-	0.3
Disposals	(5.8)	(0.1)	(15.8)	(0.1)	-	-	(21.8)
Balance at 31 March 2025	565.5	-	101.8	24.0	-	-	691.3
Depreciation charge for the year	69.4	0.8	16.5	1.1	-	-	87.8
Impairment charge for the year	0.6	-	-	0.4	-	-	1.0
Transfer between PPE and assets held for sale	(3.1)	0.2	-	(1.4)	-	-	(4.3)
Other transfers	3.2	-	-	-	-	-	3.2
Disposals	(15.1)	-	(26.5)	-	-	-	(41.6)
Balance at 31 March 2026	620.5	1.0	91.8	24.1	-	-	737.4
Social Housing Grant							
Balance at 1 April 2024	1,373.6	57.6	-	-	54.4	6.8	1,492.4
Additions	6.8	0.1	-	-	36.9	-	43.8
Transfer to completed land and buildings	9.8	1.4	-	-	(11.2)	-	-
Transfer between PPE and assets held for sale	-	(42.1)	-	-	-	-	(42.1)
Disposals	(3.3)	(0.7)	-	-	-	-	(4.0)
Balance at 31 March 2025	1,386.9	16.3	-	-	80.1	6.8	1,490.1
Additions	2.3	1.1	-	-	48.8	-	52.2
Transfer to completed land and buildings	31.9	10.6	-	-	(42.5)	-	-
Other transfers	0.5	(0.4)	-	-	1.3	-	1.4
Disposals	(2.5)	(4.2)	-	-	(1.4)	-	(8.1)
Balance at 31 March 2026	1,419.1	23.4	-	-	86.3	6.8	1,535.6
Other grant							
Balance at 1 April 2024	554.9	4.0	-	-	70.8	-	629.7
Additions	0.1	-	-	-	26.4	-	26.5
Transfer to completed land and buildings	29.0	(0.2)	-	-	(28.8)	-	-
Transfer between PPE and assets held for sale	-	(1.1)	-	-	-	-	(1.1)
Disposals	(0.1)	-	-	-	-	-	(0.1)
Balance at 31 March 2025	583.9	2.7	-	-	68.4	-	655.0
Additions	0.5	-	-	-	27.4	-	27.9
Transfer to completed land and buildings	30.7	-	-	-	(30.7)	-	-
Other transfers	(0.1)	-	-	-	-	-	(0.1)
Disposals	(0.2)	(0.2)	-	-	-	-	(0.4)
Balance at 31 March 2026	614.8	2.5	-	-	65.1	-	682.4
Net book value							
31 March 2026	**4,878.6**	**116.6**	**91.5**	**28.5**	**65.5**	**(3.4)**	**5,177.3**
31 March 2025	4,752.7	96.3	75.5	31.3	88.8	15.4	5,060.0
1 April 2024	4,591.5	209.0	62.0	34.4	138.6	20.1	5,055.6

↑ **Pictured:** Garden at Blackwood Residential Care Home in Camborne, Cornwall

Association	**Land and buildings £m**	**Land and buildings shared ownership £m**	**Plant and equipment £m**	**Offices £m**	**Under construction £m**	**Shared ownership under construction £m**	**Total £m**
Cost							
Balance at 1 April 2024	4,244.6	81.6	145.0	54.3	33.4	0.1	4,559.0
Transfer of engagements	213.5	24.4	-	-	2.1	-	240.0
Additions	94.9	-	24.6	2.0	11.6	-	133.1
Transfer to completed land and buildings	21.0	-	-	-	(21.0)	-	-
Transfer between PPE categories	0.4	(0.4)	-	-	-	-	-
Transfer from intangibles	-	-	0.3	-	-	-	0.3
Transfer to inventory	(3.0)	-	-	-	(1.6)	-	(4.6)
Transfer between PPE and assets held for sale	4.4	(56.7)	(2.3)	(5.0)	-	-	(59.6)
Other transfers	5.1	(0.4)	-	-	6.0	-	10.7
Reclassification between grant, depreciation and cost	0.5	-	-	-	-	-	0.5
Disposals	(8.1)	(1.2)	(12.5)	-	-	-	(21.8)
Balance at 31 March 2025	4,573.3	47.3	155.1	51.3	30.5	0.1	4,857.6
Additions	98.4	0.2	31.9	0.2	11.1	-	141.8
Transfer to completed land and buildings	1.1	-	-	-	(1.1)	-	-
Transfer from/(to) inventory	4.5	-	-	-	(0.7)	0.5	4.3
Transfer between PPE and assets held for sale	-	1.8	(0.3)	(2.9)	-	-	(1.4)
Disposals	(14.6)	(0.7)	(27.7)	-	-	-	(43.0)
Balance at 31 March 2026	4,662.7	48.6	159.0	48.6	39.8	0.6	4,959.3
Depreciation and impairment							
Balance at 1 April 2024	363.3	1.8	94.8	20.7	-	-	480.6
Depreciation charge for the year	42.8	0.1	11.8	1.2	-	-	55.9
Transfer between PPE and assets held for sale	2.2	(1.9)	(2.1)	(1.0)	-	-	(2.8)
Reclassification between grant, depreciation and cost	0.5	-	-	-	-	-	0.5
Disposals	(4.8)	-	(11.8)	-	-	-	(16.6)
Balance at 31 March 2025	404.0	-	92.7	20.9	-	-	517.6
Depreciation charge for the year	42.6	0.6	13.5	1.1	-	-	57.8
Impairment charge for the year	-	-	-	0.4	-	-	0.4
Transfer between PPE and assets held for sale	(2.4)	0.2	-	(1.4)	-	-	(3.6)
Disposals	(13.8)	-	(25.9)	-	-	-	(39.7)
Balance at 31 March 2026	430.4	0.8	80.3	21.0	-	-	532.5
Social Housing Grant							
Balance at 1 April 2024	1,211.0	30.9	-	-	8.2	-	1,250.1
Transfer of engagements	-	-	-	-	1.6	-	1.6
Additions	6.1	0.1	-	-	10.2	-	16.4
Transfer to completed	6.0	(0.1)	-	-	(5.9)	-	-
Transfer between PPE and assets held for sale	-	(18.7)	-	-	-	-	(18.7)
Disposals	(3.3)	(0.5)	-	-	-	-	(3.8)
Balance at 31 March 2025	1,219.8	11.7	-	-	14.1	-	1,245.6
Additions	2.2	0.9	-	-	26.6	-	29.7
Other transfers	0.4	(0.4)	-	-	-	-	-
Disposals	(2.3)	(3.5)	-	-	(31.7)	-	(37.5)
Balance at 31 March 2026	1,220.1	8.7	-	-	9.0	-	1,237.8
Other grant							
Balance at 1 April 2024	155.0	3.2	-	-	6.9	-	165.1
Additions	-	-	-	-	8.2	-	8.2
Transfer to completed	0.4	(0.2)	-	-	(0.2)	-	-
Transfer between PPE and assets held for sale	-	(0.5)	-	-	-	-	(0.5)
Balance at 31 March 2025	155.4	2.5	-	-	14.9	-	172.8
Additions	-	-	-	-	12.0	-	12.0
Disposals	-	(0.2)	-	-	-	-	(0.2)
Balance at 31 March 2026	155.4	2.3	-	-	26.9	-	184.6
Net book value							
31 March 2026	**2,856.8**	**36.8**	**78.7**	**27.6**	**3.9**	**0.6**	**3,004.4**
31 March 2025	2,794.1	33.1	62.4	30.4	1.5	0.1	2,921.6
1 April 2024	2,515.3	45.7	50.2	33.6	18.3	0.1	2,663.2

↑ **Pictured:** Beechwood development in Basildon

Annual Impairment Review

The Group annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1 and below. The Group has determined that for the purposes of impairment testing, each property, together with associated operating assets, is a cash-generating unit.

Social housing assets are considered to have indicators of impairment when they are awaiting demolition as part of a re-development programme or have been vacant for a period of 107 days or longer and have a carrying value above average depreciated replacement cost. In the current and prior year, the carrying value of social housing properties identified with indicators of potential impairment was not material to the Group or Association and so further impairment tests were not deemed necessary.

Care homes are assessed for indicators of impairment based on a balanced scorecard that encapsulates measurement of regulatory ratings, occupancy, fee types and other metrics that relate to quality or operational performance. For the year ended 31 March 2026, 10 (2025: 7) care homes were identified as having indicators of potential impairment and so further tests were carried out for these assets.

Impairment is recognised when the carrying amount exceeds the recoverable amount. Recoverable amounts are the higher of fair value less costs of disposal, and value-in-use.

For care homes, where there was an indicator of impairment, value-in-use was calculated from cash flow projections based on detailed five-year forecasts; the forecasts were then extrapolated to perpetuity using long-term growth rates of 2.1% (2025: 2.1%). Management used a discount rate of 7.5% (2025: 7.5%) which reflects a market participant rate and the risks specific to the assets. In addition to calculating value-in-use, valuations were obtained from independent professional valuers for certain sites. These valuations were determined using sustainable EBITDARM and an EBITDARM multiple as referenced on page 77.

Following these reviews, an impairment of £2.6 million was recognised for care homes within the Group, no impairment was recognised for the Association (2025: £2.3 million was recognised for care homes within the Group, no impairment was recognised for the Association). This impairment charge was offset by impairment reversals totalling £2.0 million (2025: £1.0 million), of which no properties related to the Association. The net impairment recognised in the Income Statement was therefore £0.6 million (2025: £1.3 million) for the Group.

Separately, an impairment of £0.4 million was recognised for a regional office, that was subsequently reclassified as held for sale (2025: nil).

In the prior year, £7.3 million impairment was recognised for the full write off of the carrying value of a Right of Use Asset for a leased factory. The factory formed part of the Swan acquisition and was used in Swan's, now ceased, modular build programme. Whilst every effort will be made to recover value from the asset, continuing barriers to immediate usability and a relatively short life remaining on the lease mean that any potential realisation of benefits has significantly diminished. There are no other similar assets within the Group.

Assets Pledged As Security

Property with a pre-grant carrying amount of £4,181.4 million (2025: £4,016.9 million) in the Group and £2,594.3 million (2025: £2,524.9 million) in the Association has been pledged to secure borrowings.

14. Investment Property

Reconciliation of carrying amount	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Fair value of investment property at 1 April	78.8	588.5	46.1	574.9
Additions	0.3	18.3	0.2	18.1
Transfer from property, plant and equipment	-	5.6	-	2.6
Transfer from inventory	-	12.2	-	-
Restructure of finance lease arrangements	-	2.5	-	2.5
Change in fair value	-	(60.4)	-	(60.1)
Transfer from/(to) assets classified as held for sale	174.4	(485.9)	175.8	(490.1)
Disposals	(0.5)	(2.0)	-	(1.8)
Fair value of investment property at 31 March	**253.0**	**78.8**	**222.1**	**46.1**

Included within the amounts disclosed above is student property with a carrying value of £177.7 million for the Group (2025: 3.3 million) and £179.1 million for the Association (2025: £3.3 million). Commercial and market rented property have a carrying value of £75.3 million for the Group (2025: £75.5 million) and £43.0 million for the Association (2025: £42.8 million).

At 31 March 2026, Student accommodation with a fair value of £174.4 million for the Group and £175.8 million for the Association was re-classified from assets classified as held for sale. Further details can be found in note 20.

Movements in fair value are reflected on the Income Statement within 'gain/loss on fair value of investment property'.

The valuations of certain leased assets have been adjusted to avoid double counting of lease obligations that have been recognised as separate liabilities within the Financial Statements.

Adjustments to leased assets	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Fair value at 31 March net of lease obligations	(10.3)	-	(10.3)	-
Carrying value of lease liabilities	53.0	3.3	54.5	3.3
Adjusted fair value at 31 March	**42.7**	**3.3**	**44.2**	**3.3**

Student Property Portfolio Restructure

In September 2025, the Group purchased the freehold of Denmark Road, student accommodation in Manchester. The gain arising represents the difference between the carrying value of the right of use asset and lease liability at the point of derecognition.

In the prior year, the Group purchased the freehold of Manna Ash House, student accommodation in central London, resulting in a loss on derecognition of leased assets.

The impact of restructures in both years on the Income Statement is shown in note 10.

Items Recognised In The Statement Of Comprehensive Income

Rental income from investment property during the year amounted to £53.6 million (2025: £50.2 million) for the Group and £51.4 million (2025: £48.2 million) for the Association. Rental income from investment property includes amounts received in respect of assets classified as held for sale that were previously classified as investment property.

Details of future minimum lease payments in respect of non-cancellable leases are shown in note 23.

Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year amounted to £20.5 million (2025: £21.1 million) for the Group and £19.4 million (2025: £20.1 million) for the Association. Direct operating expenses arising from investment property includes amounts expensed in respect of assets classified as held for sale that were previously classified as investment property.

Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the year amounted to £nil (2025: £nil) for both the Group and Association.

Restrictions And Commitments

Certain assets are subject to nominations arrangements that have alienation clauses that affect the transferability of the assets. The Group has determined that the existence of these impacts the held for sale classification. At 31 March 2026, there were no other restrictions on the realisability of investment property or the remittance of income and proceeds of disposal for the Group or Association (2025: none). There were also no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements for the Group or Association (2025: none).

Assets Pledged As Security

Investment property with a pre-grant carrying amount of £16.3 million (2025: £11.1 million) in the Group and £8.9 million (2025: £9.4 million) in the Association has been pledged to secure borrowings.

Measurement Of Fair Values

The Group continues to progress the disposal of the majority of its student accommodation portfolio and consequently those assets have largely been classified as held for sale under IFRS 5 (note 20). However, a small number of assets are being retained, and two assets are expected to transfer at a future date aligned to the expiry or amendment of nominations agreements.

Student properties with an anticipated deferred sale have been reclassified back to investment property and are measured using a discounted cash flow approach reflecting the expected timing of the future disposal.

Student properties that are being retained have reverted to standard investment property valuation methodologies based on external valuations.

The fair values of other investment properties, commercial and market rented, are level 3 valuations determined by management using a combination of external valuations and internal valuation using either direct market comparison to selling prices of similar properties, or an income capitalisation approach using rental income and market yields. The valuations of these properties are not considered to be materially sensitive to changes in the unobservable inputs.

15. Other Investments

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
FVOCI – equity investment				
Listed investments	1.1	1.1	1.0	1.0
	1.1	1.1	1.0	1.0
Carried at amortised cost				
Unlisted investments	15.2	14.9	15.2	14.9
Homebuy				
- Investment	2.4	2.5	-	-
- Grant	(1.5)	(1.5)	-	-
	16.1	15.9	15.2	14.9
Total other investments	**17.2**	**17.0**	**16.2**	**15.9**

The Directors believe that the carrying value of other investments is supported by their underlying net assets. The historical cost of the Group's listed investments is £1.1 million (2025: £1.1 million). The historical cost of the Association's listed investments is £1.0 million (2025: £1.0 million). These investments comprise gilt edged stock and other corporate issue bonds, which are held in accordance with the terms of certain Group facilities. Where required under documentation the security trustee has a charge over these investments, totalling £1.0 million (2025: £1.0 million).

The unlisted investments represent cash reserves held in trust as security against borrowings either as required under the terms of the loan agreements or as substitutes for charges on stock. These reserves cannot be utilised for any purpose other than servicing the associated debt.

Reconciliation Of Movement In Listed Investments

	Group £m	Association £m
As at 1 April 2024	1.2	1.0
Additions	-	-
Disposal	-	-
Revaluations	(0.1)	-
As at 31 March 2025	1.1	1.0
As at 1 April 2025	1.1	1.0
Additions	-	-
Disposal	-	-
Revaluations	-	-
As at 31 March 2026	1.1	1.0

See note 24 for further details.

16. Derivative Financial Instruments

Fair value of derivative assets	Group and Association	
	2026 £m	2025 £m
US Private Placement foreign exchange swap	26.2	27.8
	26.2	**27.8**

The derivative financial instruments represent the fair value of the currency related swaps in place to hedge the foreign currency risk arising from interest and principal payments relating to $80 million 5.83% senior notes issued in April 2007 and due in 2037.

Fair value of derivative liabilities	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Interest rate swap	(0.1)	(0.2)	-	-
	(0.1)	**(0.2)**	**-**	**-**

The derivative financial instrument represents the fair value of an interest rate swap drawn under a facility agreement dated September 2002; this was put in place to hedge the interest rate risk arising from a variable rate loan.

Further details of derivative financial instruments are provided in note 24.

17. Trade And Other Receivables

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Current:				
Tenant rental receivables (note 24d)	16.5	15.3	9.8	11.9
Other trade receivables (note 24d)	23.4	22.0	3.1	3.9
Amounts due from subsidiary undertakings	-	-	62.2	34.8
Prepayments	33.5	33.8	20.7	19.0
Accrued income	24.0	20.0	5.3	9.6
Lease Receivables (note 18)	0.1	0.1	-	-
PFI contract receivables (note 18)	4.1	3.8	-	-
Other receivables	34.9	38.9	28.6	27.8
	136.5	133.9	129.7	107.0
Non-current:				
Lease receivable (note 18)	0.5	0.6	-	-
PFI contract receivables (note 18)	14.6	17.7	-	-
Amounts due from subsidiary undertakings	-	-	11.2	13.0
Amounts due from joint ventures	4.3	5.7	4.3	5.7
	19.4	24.0	15.5	18.7
Total trade and other receivables	**155.9**	**157.9**	**145.2**	**125.7**

Tenant rental receivables are stated net of expected credit loss allowance of £8.3 million for the Group (2025: £6.7 million) and £5.3 million for the Association (2025: £3.9 million). Further information on rental receivables is contained in note 24. Other trade receivables are stated net of expected credit loss allowance of £6.6 million for the Group (2025: £9.6 million) and £2.3 million for the Association (2025: £2.6 million). Further information on other trade receivables is contained in note 24.

No ECLs are recognised against intercompany balances or PFI contract receivables due to low counter party risk. Accrued income and other receivables carry low risk of non-recovery due to their nature, consequently no ECLs are recognised.

18. PFI Contract Receivables And Lease Receivables

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Land and buildings:				
Under one year	4.2	3.9	-	-
In the second to fifth year inclusive	10.3	11.5	-	-
In more than five years	4.8	6.8	-	-
	19.3	**22.2**	**-**	**-**

PFI contract receivables relate to two contracts. The first is an agreement between ASK (Greenwich) Limited and the Royal Borough of Greenwich that runs to 2035. The second is an arrangement between Swan Housing Association and London Borough of Newham that runs to 2028.

19. Inventory

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Materials and consumables	0.8	1.1	-	-
Properties held for sale – completed	42.5	50.3	1.5	1.2
Properties held for sale – under construction	36.0	103.9	1.0	3.6
Total inventory	**79.3**	**155.3**	**2.5**	**4.8**

	Group £m	Association £m
Properties held for sale as at 1 April 2025	154.2	4.8
Additions	24.1	0.5
Transfers and adjustments	(30.3)	(2.5)
Write downs	(0.9)	-
Disposals – property sales	(68.6)	(0.3)
Properties held for sale as at 31 March 2026	**78.5**	**2.5**

Included within properties held for sale for the Group are £nil million (2025: £1.3 million) completed shared ownership properties and £3.0 million (2025: £17.6 million) shared ownership properties under construction.

Included within properties held for sale for the Association are £nil (2025: £nil) completed shared ownership properties and £1.0 million (2025: £0.7 million) shared ownership properties under construction.

In the prior year, due to specific challenges identified at a single development site, a detailed review was conducted for that site which resulted in a write down of £15 million at Group level; this did not impact the Association. The issues driving this write down included slippage of the contractor programme, with associated higher costs, and higher financing costs. In the current year, ongoing project reviews identified cost increases for two further schemes, though this did not result in any material write downs.

20. Assets Classified As Held For Sale

	Group £m	Association £m
At 1 April 2025	618.1	528.0
Additions	17.3	2.5
Transfer from/(to) property, plant and equipment	8.7	(2.2)
Reclassified to Investment Property	(174.4)	(175.8)
Changes in fair value	(8.0)	(17.7)
Disposals	(5.7)	(4.0)
At 31 March 2026	**456.0**	**330.8**

Liabilities classified as held for sale:

	Group £m	Association £m
At 1 April 2025	104.1	108.3
Additions and interest, less lease payments	(0.3)	0.2
Derecognition of leased assets (note 10)	(52.4)	-
Reclassified to loans and borrowings	(50.4)	(51.9)
At 31 March 2026	**1.0**	**56.6**

Disposal Groups

Included within assets classified as held for sale are two distinct disposal groups intended to be disposed of in multiple property transactions, along with the liabilities that can be directly associated with those assets that will be transferred in the transaction.

Student Accommodation

	Group £m	Association £m
Investment Property	320.8	299.1
Assets classified as held for sale	**320.8**	**299.1**
Lease Liabilities	1.0	56.6
Liabilities classified as held for sale	**1.0**	**56.6**

The Group has committed to a plan to sell certain student accommodation assets and directly associated lease liabilities, part of the Student and Market Rented operating segment (note 6).

The accounting treatment reflects the substance and structure of the transaction, with judgement applied in determining appropriate classification, valuation basis and timing of recognition, as applicable at 31 March 2026. A small number of assets will now be retained and these, together with two properties that have an anticipated deferred sale, have been reclassified back to investment property.

Consistent with the prior year, held for sale student properties continue to be measured at fair value under IAS 40, rather than the measurement provisions of IFRS 5. At 31 March 2026, the fair value of these properties reflected management's best estimate of value based on the terms under negotiation in an active sale process, together with broader market evidence, at the reporting date. Subsequent to year end, the purchaser has sought to revisit pricing of the transaction, citing changes in market conditions (see note 35). Subject to final Board Approval, the student accommodation sale is expected to complete within 12 months of 31 March 2026.

Shared Ownership Properties

	Group £m	Association £m
Property, plant and equipment	130.1	29.4
Assets classified as held for sale	**130.1**	**29.4**

The Group has also committed to a plan to sell the Group's Shared Ownership portfolio, part of the Affordable Housing operating segment (note 6).

The portfolio consists of the retained interest in over two thousand shared ownership properties. The sale will unlock and recycle capital for new investment in our existing homes and services across the organisation.

A number of shared ownership properties were sold during the year with discussions ongoing around the sale of additional properties, which is expected to take place within 12 months of 31 March 2026.

No impairment loss has been recognised for the shared ownership properties classified as held for sale, as the expected sales price of the portfolio significantly exceeds the net book value of the properties, which were previously held at cost less accumulated depreciation.

Gain/(Loss) On Disposal Groups

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Gain/(loss) on disposal groups	7.6	(3.1)	7.6	(3.1)
	7.6	**(3.1)**	**7.6**	**(3.1)**

The gain on sale of shared ownership properties in the year ended 31 March 2026 and the cost of professional fees in both years, incurred in the course of bringing the disposal groups to sale and ongoing vendor due diligence, have been stated separately in the Statement of Comprehensive Income.

Other Assets Classified As Held For Sale

The remaining assets classified as held for sale consist of two care homes, a regional office and a small number of housing properties that no longer align with the operational requirements or future business plans of the Group. These are expected to be sold within 12 months of 31 March 2026.

21. Trade And Other Payables

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Current:				
Trade payables	52.8	48.5	29.7	25.1
Amounts owed to subsidiary undertakings	-	-	18.2	23.4
Other taxation and social security payable	9.8	8.5	5.9	5.1
Other payables	21.9	28.9	5.4	9.8
Capital grants received in advance or repayable	22.0	6.0	8.6	-
Accruals	221.3	232.0	85.0	82.8
Future maintenance on home ownership schemes	36.4	32.3	29.1	29.6
Recycled capital grant fund (a)	2.3	3.6	1.5	2.3
	366.5	359.8	183.4	178.1
Non-current:				
Recycled capital grant fund (a)	12.9	9.2	4.4	7.0
Other payables	0.5	0.2	1.8	1.8
	13.4	9.4	6.2	8.8
Total Trade and Other Payables	**379.9**	**369.2**	**189.6**	**186.9**

All social housing and other capital grants are potentially repayable to the issuing body. The potential liability is recognised through the balances held as the recycled capital grant fund.

Future maintenance on home ownership schemes relates to funds received which are held in sinking funds.

(a) Recycled Capital Grant Fund

	Group £m	Association £m
Recycled capital grant fund at 1 April 2025	12.8	9.3
Grants recycled	4.2	3.3
Interest accrued	0.5	0.3
Major repairs and works of existing stock	(1.8)	(1.7)
Repayment of grants	(0.5)	(0.1)
Other	-	(5.2)
Recycled capital grant fund at 31 March 2026	**15.2**	**5.9**

22. Loans And Borrowings

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Current:				
Senior notes and debenture stock	6.1	75.9	6.1	75.9
Bank loans and overdrafts	58.0	71.6	12.3	3.6
Net lease liability (note 23)	6.3	2.1	2.6	1.1
Local authority loans	0.5	0.5	-	-
Amounts owed to Group companies	-	-	34.0	11.2
	70.9	150.1	55.0	91.8
Non-current:				
Senior notes and debenture stock	2,187.3	2,171.1	569.4	554.6
Bank loans and mortgages	1,628.6	1,522.0	352.4	388.7
Local authority loans	26.9	27.4	26.5	26.5
Net lease liability (note 23)	75.1	31.0	67.2	17.9
Amounts owed to Group companies	-	-	943.0	841.0
	3,917.9	3,751.5	1,958.5	1,828.7
Total loans and borrowings	**3,988.8**	**3,901.6**	**2,013.5**	**1,920.5**

Based on the lender's earliest repayment date, borrowings fall due as follows:

Group	Leases £m	Other borrowings £m	Total £m
Due within one year	6.3	64.6	70.9
Due in more than one year but less than two years	4.3	68.0	72.3
Due in more than two years but less than five years	10.5	937.1	947.6
Due in more than five years	60.3	2,837.7	2,898.0
	81.4	**3,907.4**	**3,988.8**

Association	Leases £m	Other borrowings £m	Total £m
Due within one year	2.6	52.4	55.0
Due in more than one year but less than two years	2.5	45.5	48.0
Due in more than two years but less than five years	7.6	414.4	422.0
Due in more than five years	57.1	1,431.4	1,488.5
	69.8	**1,943.7**	**2,013.5**

The Group recorded security on loans with charges on property totalling £3,613.7 million (2025: £3,447.0 million) at the reporting date. It also recorded security for the one year's interest payments and final principal instalment in the form of debt service reserves for loans totalling £100.9 million (2025: £107.9 million). Borrowings are stated net of £18.1 million set up costs (2025: £17.6 million). Further details on interest rates are contained in note 24.

The Association recorded security on loans with charges on property totalling £1,685.7 million (2025: £1,464.0 million) at the reporting date. It also recorded security for the one year's interest payments and final principal instalment in the form of debt service reserves for loans totalling £100.9 million (2025: £107.9 million). Borrowings are stated net of £11.7 million set up costs (2025: £11.4 million).

23. Leases

Lessee Arrangements

The Group leases a significant number of residential and commercial properties. Typical residential leases most commonly run from periods of between 100 and 999 years. Commercial leases typically run on shorter leases up to 99 years in duration. Leases will be typically appraised prior to expiry of the initial term of the contract or at the next break opportunity. A decision to either terminate or renew the lease will be undertaken. Leases that pass the initial term without a decision will continue in a holdover period until resolved.

Right-Of-Use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 13).

Right-Of-Use Assets Included Within Property, Plant And Equipment

Group	Land and buildings £m	Offices £m	Total £m
Cost			
Balance as at 1 April 2025	40.5	5.8	46.3
Right-of-use assets recognised	1.7	-	1.7
Right-of-use assets derecognised	(0.1)	-	(0.1)
Balance as at 31 March 2026	42.1	5.8	47.9
Depreciation and impairment			
Balance as at 1 April 2025	19.0	1.2	20.2
Depreciation charge for the year	1.8	-	1.8
Balance as at 31 March 2026	20.8	1.2	22.0
Net Book Value			
31 March 2026	**21.3**	**4.6**	**25.9**
31 March 2025	21.5	4.6	26.1

Association	Land and buildings £m	Offices £m	Total £m
Cost			
Balance as at 1 April 2025	29.0	5.8	34.8
Right-of-use assets recognised	1.5	-	1.5
Balance as at 31 March 2026	30.5	5.8	36.3
Depreciation and impairment			
Balance as at 1 April 2025	9.7	1.5	11.2
Depreciation charge for the year	1.5	-	1.5
Balance as at 31 March 2026	11.2	1.5	12.7
Net Book Value			
31 March 2026	**19.3**	**4.3**	**23.6**
31 March 2025	19.3	4.3	23.6

Amounts Recognised In The Statement Of Comprehensive Income

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Interest on lease liabilities	6.5	7.6	8.0	7.8
Depreciation charge for right-of-use assets	1.8	1.7	1.5	1.5
Impairment charge for right-of-use assets	-	7.3	-	-
	8.3	**16.6**	**9.5**	**9.3**

In the prior year, an impairment charge of £7.3 million was recognised in relation to the full write off of the carrying value of a right-of-use asset for a leased factory. The factory formed part of the Swan acquisition and was used in Swan's, now ceased, modular build programme. There are no other similar assets within the Group.

Amounts Recognised In The Statement Of Cash Flows

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Total cash outflow for leases	9.4	13.0	10.9	12.1
	9.4	**13.0**	**10.9**	**12.1**

Rent Reviews

Many of the Group's leases have rent reviews within their terms. These reviews rely on information such as inflation indices and market rates at the time of the review. These future increases (and occasional decreases) in rents payable will not be recognised in the right-of-use assets and lease liabilities until they become effective.

Lease Liabilities

Undiscounted lease payments to be made under lease arrangements fall due as shown below. Lease liabilities also relate to assets within investment property. Leases that form part of a disposal group under IFRS 5 are presented separately within liabilities held for sale and are excluded from the following analysis (see note 20 for details).

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Land and buildings:				
Under one year	11.4	4.2	7.4	2.4
In the second to fifth year inclusive	33.6	16.2	27.7	7.4
In more than five years	127.4	70.6	119.7	60.7
Total gross payments	172.4	91.0	154.8	70.5
Financing costs	(91.0)	(57.9)	(85.0)	(51.5)
Net lease liability	**81.4**	**33.1**	**69.8**	**19.0**

The present value of amounts payable under leases is as follows:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Land and buildings:				
Under one year	6.3	2.1	2.6	1.1
In the second to fifth year inclusive	14.8	9.7	10.1	2.6
In more than five years	60.3	21.3	57.1	15.3
	81.4	**33.1**	**69.8**	**19.0**

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent payments.

Lessor Arrangements

Contracts of residential occupation do not meet the definition of a lease under IFRS 16.

The Group undertakes an assessment of the financial and operational viability of any potential lessee for a new lease and as such will determine the most appropriate lease terms to put in place. Negotiation of these lease terms will consider the most appropriate terms to ensure they are not unduly onerous or prohibitive and ensure any value continues to be realised or enhanced from the property.
There are no variable lease payments that do not depend on an index or a rate.

The Group has operating leases in its Supported Living and Student and Market Rented divisions. During the year ended 31 March 2026, income from operating leases was £12.5 million for the Group (2025: £11.6 million) and £5.2 million for the Association (2025: £5.0 million).

Amounts receivable under operating leases are due as follows:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Under one year	4.3	5.9	3.8	3.8
Between one and two years	4.2	4.3	3.7	3.8
Between two and three years	3.8	4.2	3.6	3.7
Between three and five years	4.5	6.2	3.9	5.6
In more than five years	31.3	33.7	30.1	32.1
	48.1	**54.3**	**45.1**	**49.0**

24. Financial Instruments And Risk Management

Financial Risk Management Objectives And Policies

The Group's treasury function is responsible for the management of funds and control of the associated risks. Other financial risks, for example tenant rental arrears, are the responsibility of other teams within the Group's finance function. Treasury and finance activities are governed in accordance with the Board approved policy and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee. There is further explanation of the Group's approach to risk management in the Strategic Report.

Where financial instruments are measured in the Statement of Financial Position at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments include:

Financial Assets

Financial assets at amortised cost	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Unlisted investments (note 15)	16.1	15.9	15.2	14.9
Rental receivables (note 17)	16.5	15.3	9.8	11.9
Other trade receivables (note 17)	23.4	22.0	3.1	3.9
Other receivables (note 17)	34.9	38.9	28.6	27.8
Amounts due from subsidiary undertakings (note 17)	-	-	73.4	47.8
Amounts due from joint ventures (note 17)	4.3	5.7	4.3	5.7
Lease receivable (note 17)	0.6	0.7	-	-
PFI receivable (note 17)	18.7	21.5	-	-
Cash and cash equivalents	137.0	159.6	15.3	25.5
	251.5	**279.6**	**149.7**	**137.5**

The Group's investments in the Statement of Financial Position were £17.2 million at 31 March 2026 (2025: £17.0 million). Of this value, £1.1 million (2025: £1.1 million) was classed as FVOCI and £16.1 million (2025: £15.9 million) was classed as held at amortised cost. The Association's investments in the Statement of Financial Position were £16.2 million at 31 March 2026 (2025: £15.9 million). Of this value, £1.0 million (2025: £1.0 million) was classed as FVOCI and £15.2 million (2025: £14.9 million) was classed as held at amortised cost.

Of the above balance held at amortised cost, rental receivables, finance lease receivables, PFI receivable, other trade receivables, amounts due from subsidiary undertakings, amounts due from joint venture and other receivables totalling £98.4 million (2025: £104.1 million) for the Group and £119.2 million (2025: £97.1 million) for the Association derive from current and non-current trade and other receivables balances on the Statement of Financial Position. Trade and other receivables totalled £155.9 million at 31 March 2026 (2025: £157.9 million) for the Group and £145.2 million at 31 March 2026 (2025: £125.7 million) for the Association. Prepayments and accrued income balances of £57.5 million (2025: £53.8 million) for the Group and £26.0 million (2025: £28.6 million) for the Association are not considered to fall within the definition of a financial asset.

Financial assets at FVOCI	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Listed investments (note 15)	1.1	1.1	1.0	1.0

All significant inputs required to value investments held at FVOCI are observable, quoted and traded in an active market, and, as such, the Group has classified them as Level 1.

Financial Liabilities

As at 31 March 2026, the Group's and Association's financial liability balances were as follows:

Financial liabilities at amortised cost – current	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Debt finance excluding set up costs	67.0	149.6	53.8	92.0
Trade payables (note 21)	52.8	48.5	29.7	25.1
Lease liability (note 23)	6.3	2.1	2.6	1.1
Amounts due to subsidiary undertakings (note 21)	-	-	18.2	23.4
Grants (note 21)	22.0	6.0	8.6	-
Other payables (note 21)	68.1	69.7	40.4	44.5
Lease liabilities classified as held for sale (note 20)	1.0	104.1	56.6	108.3
	217.2	**380.0**	**209.9**	**294.4**

Other payables include other tax and social security, other payables and future maintenance on home ownership schemes. Current trade and other payables as disclosed in the Statement of Financial Position totalled £366.5 million (2025: £359.8 million) for the Group and £183.4 million (2025: £178.1 million) for the Association. The difference between the Statement of Financial Position and the amounts disclosed above is £223.6 million (2025: £235.6 million) for the Group and £86.5 million (2025: £85.1 million) for the Association and relates to balances that are not considered to fall within the definition of a financial liability. Debt finance consists of loans and borrowings and is presented above before deduction of set up costs.

Financial liabilities at amortised cost – non-current	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Debt finance excluding set up costs	3,695.8	3,561.2	1,901.6	1,820.9
Net lease liability (note 23)	75.1	31.0	67.2	17.9
Other payables (note 21)	0.5	0.2	1.8	1.8
	3,771.4	**3,592.4**	**1,970.6**	**1,840.6**

Financial liabilities at FVPL	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Debt finance excluding set up costs	162.7	175.4	-	-
Derivative financial instruments – interest rate swap (note 16)	0.1	0.2	-	-
	162.8	**175.6**	**-**	**-**

Non-current trade and other payables as disclosed in the Statement of Financial Position totalled £13.4 million (2025: £9.4 million) for the Group and £6.2 million (2025: £8.8 million) for the Association. Of these amounts, £0.5 million (2025: £0.2 million) in the Group is considered to fall within the definition of a financial liability while £1.8 million (2025: £1.8 million) is considered to fall within this definition in the Association.

All significant inputs required to value the above instruments are observable and, as such, the Group has classified them as Level 2.
The derivative financial instrument relating to an interest rate swap valued at FVPL was entered into by the Group under a facility agreement dated September 2002.

Fair value movements of loans and derivatives totalling £12.0 million (2025: £14.0 million) for the Group and £nil (2025: £nil) for the Association are shown as a credit to the income statement.

The purpose of the derivative financial instrument is to hedge the interest rate risk associated with the variability of cash flows on variable rate loans.

Valuation

Balances are valued in accordance with note 1 Principal Accounting Policies – Financial Instruments. Instruments are carried at fair value in the following cases:

Derivative financial instruments are measured at fair value.

The fair value of the cross currency derivative financial instruments is arrived at by discounting future cash flows associated with each swap and comparing, for each swap, the cumulative total discounted sterling future cash flows with the total discounted dollar future cash flows translated at the year end exchange rate. The swap rate data used for discounting the flows is provided to the Group by external advisers.

The fair value of the interest rate swap is arrived at by discounting the fixed leg and variable leg cash flows using interpolated yield curves provided to the Group by external advisers.

Listed investments are measured at fair value. The fair value equates to the market value of these listed investments at the reporting date.

Certain loans with embedded interest rate swaps acquired through the Swan acquisition are measured at fair value. The fair value equates to the discounted future cashflows of these loans at the reporting date.

Senior notes and debenture stock, bank loans and mortgages, and net lease liabilities are measured at book value. However, fair value can be calculated and these are disclosed in note 24a. The variance between the fair value and the book value of the Group and Association's long-term borrowings is driven by the discount rates and weighted average life of the fixed rate financial liabilities, which is 17.1 years (2025: 17.4 years) for the Group and 14.5 years (2025: 14.5 years) for the Association.

Loans denominated in foreign currency are translated at year end exchange rates.

Analysis Of Risks

a) Interest Rate Risk And Exposure

Interest rate risk is defined as the risk that interest rates may change in the future materially affecting the Group's liabilities and cash flows. The interest rate exposure of the Group and Association net debt at 31 March 2026 after hedging instruments was:

	Group		Association	
	£m	%	£m	%
Fixed rate financial liabilities	3,088.7	77.4	1,620.8	80.5
Floating rate financial liabilities	900.1	22.6	392.7	19.5
	3,988.8	**100.0**	**2,013.5**	**100.0**

The cost of borrowing of the Group fixed rate financial liabilities is 4.60% (2025: 4.57%) and for the Association 5.17% (2025: 5.10%). The cost of borrowing of the Group's total financial liabilities is 4.65% (2025: 4.68%) and for the Association 5.11% (2025: 5.17%). The weighted average life of fixed rate financial liabilities for the Group is 17.1 years (2025: 17.4 years) and for the Association is 14.5 years (2025: 14.5 years). The Group operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs. Group borrowings currently comprise 77.4% fixed rate debt (2025: 81.2%) and 22.6% floating rate debt (2025: 18.8%). Association borrowings comprise 80.5% fixed rate debt (2025: 86.8%) and 19.5% floating rate debt (2025: 13.2%).

The Group's cash flow interest rate risk relates to:

- Variable rate financial instruments which are subject to rate changes – a 10% increase in interest costs would result in an additional charge to the Statement of Comprehensive Income of £4.3 million (2025: £3.8 million).
- Fixed rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £7.9 million (2025: £8.0 million).

A comparison of the book value to fair value of the Group's and Association's long-term borrowings at 31 March 2026 is set out below.

	Group		Association	
	2026 Book value	2026 Fair value	2026 Book value	2026 Fair value
	£m	£m	£m	£m
Senior notes and debenture stock (note 22)	2,187.3	1,793.0	569.4	534.2
Bank loans and mortgages (note 22)	1,628.6	1,530.9	352.4	354.9
Local authority loans (note 22)	26.9	24.9	26.5	24.5
Net lease liability (notes 22, 23)	75.1	75.1	67.2	67.2
Amounts owed to Group companies (note 22)	-	-	943.0	848.6
	3,917.9	**3,423.9**	**1,958.5**	**1,829.4**

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above.

(i) The book value of loans with a maturity of less than one year is assumed to equate to their carrying value. They have therefore not been included in the above table.
(ii) The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.
(iii) The fair value of balances shown above at a variable rate of interest is assumed to approximate to their book value.

For the balances at 31 March 2026, the range of discount rates used was 5.34% to 5.92% (2025: 5.05% to 5.50%). Swan Housing were fair valued by third parties.

The fair values of the swaps at the year end would decrease by the following amounts, if an increase of 1% occurred:

Group	**Liability** £m	**Statement of Comprehensive Income** £m
In sterling swap rates only	(0.2)	0.2

Interest rate risk applies to debt finance.

Management considers the sensitivity analysis in relation to the remaining interest rate swaps not included above to be not material.

b) Currency Rate Risk And Exposure

Currency rate risk is the risk that foreign currency arrangements that the Group has entered into will be adversely affected by exchange rate movements. Hedging is defined as the practice of offsetting such risks and the organisation applies such practices. The hedge put in place by the organisation removes completely the currency risk, as explained below.

In 2007 the Group borrowed $80 million through an issue of senior notes at an interest rate of 5.83% repayable in 2037. The foreign currency funds have been swapped through derivative financial instruments with the counterparty of the arrangement described above.

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Carrying value of hedging instrument £m	**Line item in the Statement of Financial Position where the hedging instrument is located**	**Change in value of the hedging instrument recognised in OCI** £m	**Costs of hedging recognised in OCI** £m
Foreign currency risk	26.2	Derivative financial assets	(0.4)	0.2

The fair values of the swaps and loans at the year end, if an increase in interest rates of 1% occurred, are:

Group	**Asset** £m	**Income Statement** £m	**Cash flow hedge reserve** £m
In both dollar and sterling swap rates	(2.1)	-	(2.1)
In sterling swap rates only	3.6	-	3.6
In dollar swap rate only	(5.6)	-	(5.6)
In the year end exchange rate	(0.7)	-	(0.7)
In the year end exchange rate and in the dollar and sterling swap rates	(2.7)	-	(2.7)

Association	**Asset** £m	**Income Statement** £m	**Cash flow hedge reserve** £m
In both dollar and sterling swap rates	(2.1)	-	(2.1)
In sterling swap rates only	3.6	-	3.6
In dollar swap rate only	(5.6)	-	(5.6)
In the year end exchange rate	(0.7)	-	(0.7)
In the year end exchange rate and in the dollar and sterling swap rates	(2.7)	-	(2.7)

Currency rate risk applies to the derivative financial instruments balance and underlying loans denominated in dollars.

c) Liquidity Risk

Liquidity risk is the risk that the Group will fail to be able to access liquid funds, either through:

- Lack of available facilities; or
- Lack of secured, but available, facilities; or
- Lack of identification of need to draw on available facilities.

The Treasury function ensures the above risks are managed by preparing cash forecasts on a daily and longer-term basis to ensure that short and longer-term requirements are known. The forecasts are cautious in the approach and are constantly updated to allow for sensitivity in assumptions. These are reported to the Group Chief Financial Officer on a fortnightly basis. The forecasts identify when drawdowns on existing facilities are required and when existing facilities expire. Further facilities are negotiated and secured well in advance of them being needed for drawdown.

The treasury function also manages a database of the Group's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value is gained from the Group's secured properties. These systems ensure that facilities are available to the Group which are secured and available to draw on as required.
The Group’s liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Group to meet its financial obligations.

The Group has not defaulted on any of its loan arrangements in the year.

Liquidity risk applies to cash and all payables balances.

Contractual Cash Flows For All Financial Liabilities

The following is an analysis of the anticipated contractual cash flows including interest and finance charges payable for the Group and Association's financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans, mortgages, deferred finance, bonds and debenture stock. Interest is calculated based on debt held at 31 March.

At 31 March 2026 – Group	Debt £m	Interest on debt £m	Lease liabilities £m	Other liabilities not in net debt £m	Interest on hedge accounted derivatives £m	Total £m
Due less than one year	(67.9)	(188.9)	(11.4)	(142.9)	(2.6)	(413.7)
Between one and two years	(71.0)	(183.4)	(9.3)	(0.5)	(2.6)	(266.8)
Between two and three years	(170.6)	(176.9)	(8.1)	-	(2.4)	(358.0)
Between three and four years	(258.8)	(163.0)	(8.1)	-	(2.5)	(432.4)
Between four and five years	(516.0)	(148.0)	(8.1)	-	(2.5)	(674.6)
Greater than five years	(2,869.2)	(1,501.4)	(127.4)	-	(14.8)	(4,512.8)
Gross contractual cash flows	**(3,953.5)**	**(2,361.6)**	**(172.4)**	**(143.4)**	**(27.4)**	**(6,658.3)**

At 31 March 2025 – Group	Debt £m	Interest on debt £m	Lease liabilities £m	Other liabilities not in net debt £m	Interest on hedge accounted derivatives £m	Total £m
Due less than one year	(151.1)	(185.2)	(4.2)	(124.2)	(2.7)	(467.4)
Between one and two years	(193.4)	(179.4)	(6.3)	(0.2)	(2.6)	(381.9)
Between two and three years	(71.5)	(169.9)	(4.2)	-	(2.6)	(248.2)
Between three and four years	(113.7)	(164.4)	(2.9)	-	(2.4)	(283.4)
Between four and five years	(406.6)	(152.5)	(2.8)	-	(2.5)	(564.4)
Greater than five years	(2,965.6)	(1,655.0)	(70.6)	-	(17.2)	(4,708.4)
Gross contractual cash flows	**(3,901.9)**	**(2,506.4)**	**(91.0)**	**(124.4)**	**(30.0)**	**(6,653.7)**

At 31 March 2026 – Association	Debt £m	Interest on debt £m	Lease liabilities £m	Other liabilities not in net debt £m	Interest on hedge accounted derivatives £m	Total £m
Due less than one year	(52.6)	(105.4)	(7.4)	(96.9)	(2.3)	(264.6)
Between one and two years	(45.6)	(101.2)	(7.1)	(1.8)	(2.3)	(158.0)
Between two and three years	(69.0)	(97.4)	(6.8)	-	(2.3)	(175.5)
Between three and four years	(83.7)	(90.6)	(6.9)	-	(2.3)	(183.5)
Between four and five years	(260.4)	(85.4)	(6.9)	-	(2.3)	(355.0)
Greater than five years	(1,411.5)	(740.2)	(119.7)	-	(14.7)	(2,286.1)
Gross contractual cash flows	**(1,922.8)**	**(1,220.2)**	**(154.8)**	**(98.7)**	**(26.2)**	**(3,422.7)**

At 31 March 2025 – Association	Debt £m	Interest on debt £m	Lease liabilities £m	Other liabilities not in net debt £m	Interest on hedge accounted derivatives £m	Total £m
Due less than one year	(90.9)	(99.7)	(2.4)	(93.0)	(2.3)	(288.3)
Between one and two years	(75.6)	(95.4)	(2.3)	(1.8)	(2.3)	(177.4)
Between two and three years	(45.6)	(91.2)	(2.0)	-	(2.3)	(141.1)
Between three and four years	(69.0)	(87.7)	(1.6)	-	(2.3)	(160.6)
Between four and five years	(158.7)	(81.8)	(1.5)	-	(2.3)	(244.3)
Greater than five years	(1,437.8)	(811.3)	(60.7)	-	(17.0)	(2,326.8)
Gross contractual cash flows	**(1,877.6)**	**(1,267.1)**	**(70.5)**	**(94.8)**	**(28.5)**	**(3,338.5)**

d) Credit Risk

Credit risk applies to all debtor balances and to debt finance. The risk falls into two categories: financial and operational.

Financial

It is the Group's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Group's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating. The maximum exposure with a single funder is £316.0 million as at 31 March 2026 (2025: £323.0 million).

The Group manages credit risk by carrying out monthly credit checks on all counterparties from which the Group either sources funds or places deposits, also allowing the Group to assess whether there has been a significant increase in credit risk at the reporting date. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties.

Twelve-month probabilities of default (PD) are based on historical credit loss data supplied by the rating agency Moody's. Assets measured at amortised cost or FVOCI were subject to a 12-month ECL allowance, none of these assets were materially credit impaired. Largely due to the low credit risk of the financial assets held, there has been no expected credit loss recognised at 31 March 2026 because the amounts are not material.

Operational

The majority of the operational debt at any given time relates to tenants and non-tenants of the Group. These debts are reported to management on a weekly basis and recovery of debts is coordinated through subsidiary and regional management teams. Performance of debt recovery is reviewed monthly by the Executive Committee.

Tenant Rental Receivable Arrears

Gross tenant rental arrears due as at 31 March 2026 totalled £24.8 million (2025: £22.0 million) for the Group and £15.1 million (2025: £15.8 million) for the Association. Most of this balance was past due as the majority of tenancy agreements state that the rent is due in advance. The age of these arrears was as follows:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Less than 30 days	12.2	9.6	6.7	7.6
30 to 60 days	1.5	4.3	1.8	2.4
60 to 90 days	3.3	1.8	1.1	1.4
More than 90 days	7.8	6.3	5.5	4.4
Balance as at 31 March	**24.8**	**22.0**	**15.1**	**15.8**

In the Group there is an expected credit loss allowance against £8.3 million (2025: £6.7 million) of this balance leaving a net rental arrears balance of £16.5 million (2025: £15.3 million) (see note 17). In the Association there is an expected credit loss allowance against £5.3 million (2025: £3.9 million) of this balance leaving a net rental arrears balance of £9.8 million (2025: £11.9 million) (see note 17).

Tenant Rental Receivable Arrears Expected Credit Loss

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Balance as at 1 April	6.7	5.9	3.9	3.8
Acquisition (note 34)	-	-	-	0.3
Provided in the year	6.9	7.0	4.5	4.1
Released in the year	(2.1)	(1.6)	(0.8)	(1.0)
Amounts written off	(3.2)	(4.6)	(2.3)	(3.3)
Balance as at 31 March	**8.3**	**6.7**	**5.3**	**3.9**

Under IFRS 9, loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

Other Trade Receivables

Other trade receivables encapsulates all trade receivables other than social tenancy rent and service charges. It includes amounts due in respect of care home fees, student accommodation, supported services and property sales. Gross other trade receivables balances as at 31 March 2026 totalled £30.0 million (2025: £31.6 million) for the Group and £5.4 million (2025: £6.5 million) for the Association. The age of gross other trade receivables balances was as follows:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Less than 30 days	15.6	12.6	1.8	1.0
30 to 60 days	4.7	4.0	0.8	1.0
60 to 90 days	1.5	1.6	0.3	0.6
More than 90 days	8.2	13.4	2.5	3.9
Balance as at 31 March	**30.0**	**31.6**	**5.4**	**6.5**

In the Group there is an expected credit loss allowance against £6.6 million (2025: £9.6 million) of this balance leaving a net other trade receivables balance of £23.4 million (2025: £22.0 million) (see note 17). In the Association there is an expected credit loss allowance against £2.3 million (2025: £2.6 million) of this balance leaving a net other trade receivables balance of £3.1 million (2025: £3.9 million) (see note 17).

Other Trade Receivables Expected Credit Loss

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Balance as at 1 April	9.6	8.4	2.6	2.1
Provided in the year	12.7	3.4	0.4	1.0
Released in the year	(13.0)	(0.9)	(0.4)	(0.4)
Amounts written off	(2.7)	(1.3)	(0.3)	(0.1)
Balance as at 31 March	**6.6**	**9.6**	**2.3**	**2.6**

The Group provides for specific categories of sundry receivable balances and specific sundry receivable balances where the likelihood of settlement in full or in part is unlikely.

Summary Of Credit Risk

The maximum credit risk at 31 March 2026 and 2025 was as follows:

	Group		Association	
	2026	2025	2026	2025
	£m	£m	£m	£m
Investments (note 15)	17.2	17.0	16.2	15.9
Derivative financial instruments (note 16)	26.2	27.8	26.2	27.8
Receivables	98.4	104.1	119.2	97.1
Cash and cash equivalents	137.0	159.6	15.3	25.5
	278.8	**308.5**	**176.9**	**166.3**

e) Concentration Risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile. Management determines concentrations of risk through its standard risk management procedures, as detailed in the Strategic Report.

Management considers the Group's main concentration of risk to be within rent and service charge arrears. The shared characteristic of this concentration is the social demographic of the client base that can be linked to lower credit quality. However, the arrears are from a number of types of tenancy:

- Rental
- Sheltered housing
- Supported housing
- Shared ownership
- Home ownership.

A reduced level of risk is associated with shared ownership and home ownership residents.

The maximum exposure to this risk is equal to the tenant rental arrears balance (net of expected credit loss) at 31 March 2026, £16.5 million (2025: £15.3 million) for the Group and £9.8 million (2025: £11.9 million) for the Association.

Information on the Group's spread of lenders is explained in note 24d.

f) Market Rate Risk

Market risk applies to listed investments. Listed investments are exposed to fluctuations in market values that are outside the Group's control. Listed investments at 31 March 2026 totalled £1.1 million (2025: £1.1 million) in the Group and £1.0 million (2025: £1.0 million) in the Association. The Group mitigates this risk by carrying out credit checks on all counterparties and investing only in those counterparties that achieve the desired credit agency rating. This is also explained in note 24d.

g) Collateral Pledged

The Group holds debt servicing reserves if, and as, required by the various lenders. These are disclosed and described in note 15.

h) Collateral Held

The Group does not hold any significant collateral.

i) Capital

The Group considers its capital balances to be share capital (note 27) and reserves (note 28). The revaluation reserve balance is entirely governed by market rates for listed investments. The revenue reserve is formed of Group surpluses and deficits from each year since the Group's formation and it also contains gains on business combinations that have arisen following the acquisition of subsidiaries. Acquisitions of social housing businesses that are in substance the gift of one business to another are treated as non-exchange transactions. The fair value of the gift of the recognised assets and liabilities is treated as a gain or loss in the Statement of Comprehensive Income.

None of these capital balances has a significant degree of active management, other than in the case of current year Income Statement movement that contributes to revenue reserves. There are restrictions on the Group in the use of £0.2 million (2025: £0.2 million) in relation to Carr-Gomm which was acquired by the Group in 2010 and then transferred its engagements to the Association on 31 March 2011, and £5.4 million (2025: £5.2 million) relating to Voluntary Right to Buy scheme surpluses (see note 28 regarding restricted reserves).

25. Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred Tax Assets

	Group 2026 £m	Group 2025 £m	Association 2026 £m	Association 2025 £m
As at 1 April	7.5	5.2	-	-
Temporary timing differences	(2.0)	2.3	-	-
As at 31 March	**5.5**	**7.5**	**-**	**-**
Comprising:			-	
Trading losses carried forward	4.5	7.4	-	-
Interest rate swap derivative	1.0	0.1	-	-
	5.5	**7.5**	**-**	**-**

The interest rate swap derivative is held in ASK (Greenwich) Limited. Trading losses are carried across a number of Group subsidiaries. Deferred tax on capital allowances has been recognised where the capital allowance pools recognised for qualifying assets exceeds the NBV of qualifying assets.

Deferred tax assets relating to historic losses within certain subsidiaries, amounting to £58.3 million, have not been recognised as the criteria for recognition have not been met.

Deferred Tax Liabilities

A deferred tax liability exists within ASK (Greenwich) Limited, a 100% owned subsidiary of the Association.

	Group 2026 £m	Group 2025 £m	Association 2026 £m	Association 2025 £m
As at 1 April	0.7	0.6	-	-
(Credit)/charge to Income Statement	(0.3)	0.1	-	-
As at 31 March	**0.4**	**0.7**	**-**	**-**

This balance relates to timing differences on taxation of a unitary charge. Unitary charge refers to amounts due from the Royal Borough of Greenwich under the terms of a project agreement.

Deferred tax liabilities are also recognised within a number of Group entities which claim Capital Allowances on capital expenditure.

26. Provisions For Liabilities

Group	**Onerous contracts £m**	**Property related £m**	**Other provisions £m**	**Total £m**
At 1 April 2025	0.4	65.6	22.2	88.2
Provided in the year	-	4.4	12.3	16.7
Discounting*	-	(4.6)	0.4	(4.2)
Utilised during the year	-	(3.7)	(6.2)	(9.9)
Released during the year	(0.2)	(4.1)	(8.8)	(13.1)
At 31 March 2026	**0.2**	**57.6**	**19.9**	**77.7**
Ageing of provisions – expected utilisation				
At 31 March 2026				
Under one year	0.2	14.2	8.9	23.3
Over one year	-	43.4	11.0	54.4
At 31 March 2025				
Under one year	0.2	12.3	11.6	24.1
Over one year	0.2	53.3	10.6	64.1

Association	**Onerous contracts £m**	**Property related £m**	**Other provisions £m**	**Total £m**
At 1 April 2025	-	-	5.7	5.7
Provided in the year	-	1.3	12.2	13.5
Discounting*	-	-	-	-
Utilised during the year	-	-	(1.6)	(1.6)
Released during the year	-	-	(15.8)	(15.8)
At 31 March 2026	**-**	**1.3**	**0.5**	**1.8**
Ageing of provisions – expected utilisation				
At 31 March 2026				
Under one year	-	0.6	0.5	1.1
Over one year	-	0.7	-	0.7
At 31 March 2025				
Under one year	-	-	5.7	5.7
Over one year	-	-	-	-

*Discounting reflects the impact of reassessment of the expected timing of cash outflows in respect of a number of provisions.

Onerous Contract Provisions

Provisions have been made for two onerous contracts which are being unwound over the remaining contract terms, they have been discounted using a risk-free rate based on UK Gilts.

Property Related Provisions

Property related provisions include £37.3 million (2025: £39.4 million) relating to cladding and fire safety obligations recognised as part of the Swan acquisition. The provisions have been measured based on the best estimate of the expenditure required to settle obligations at 31 March 2026, including assumptions regarding timing of works and discounting. Estimation uncertainty remains in respect of the scope of works and potential recoveries from third parties.

Subsequent to the year end, the Group entered into an agreement with a third party in relation to one site (see Note 35). This may reduce future cash outflows; however, no adjustment has been made as this represents a non-adjusting event.

Provisions have been recognised relating to a number of housing developments where defects have been identified on houses previously sold by Swan. Other property related provisions from the Swan acquisition relate to wider obligations arising from property development. The combined value of these provisions is £18.3 million (2025: £25.3 million).

Property related provisions have been discounted using a risk-free rate based on UK Gilts.

Other Provisions

Provisions have been recognised for a range of potential legal, contractual or other obligations, of which £11.8 million (2025: £16.0 million) relates to Swan, arising primarily from development related activities. Insurance recoveries of £0.6 million (2025: £4.8 million) have been included within debtors, relating to a potential gross obligation of £0.6 million, where there is virtual certainty over reimbursement. No recoveries have been recognised for the other amounts. Where material, these provisions have been discounted using a risk-free rate based on UK Gilts.

27. Share Capital

	Group and Association	
Each member holds one share of £1 in the Association	**2026 £**	**2025 £**
Allotted, issued and fully paid:		
At 1 April	24	26
Issued during the year	-	2
Redeemed during the year	(1)	(4)
At 31 March	**23**	**24**

Each share carries voting rights but not rights to dividends, distributions on winding up or rights of redemption. Share issues and redemptions are as a result of changes to the membership of the Association.

28. Reserves

Group	Revenue reserve £m	Restricted reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Total £m
At 1 April 2024	1,786.3	5.1	0.1	5.4	(0.3)	1,796.6
Deficit for the year	(28.1)	-	-	-	-	(28.1)
Actuarial gain on pension scheme	22.5	-	-	-	-	22.5
Revaluation of listed investments	-	-	(0.1)	-	-	(0.1)
Gain/(loss) on hedge instrument	-	-	-	2.0	0.3	2.3
Transfer of VRTB proceeds	(0.3)	0.3	-	-	-	-
At 31 March 2025	1,780.4	5.4	-	7.4	-	1,793.2
At 1 April 2025	1,780.4	5.4	-	7.4	-	1,793.2
Surplus for the year	59.6	-	-	-	-	59.6
Actuarial loss on pension scheme	(1.7)	-	-	-	-	(1.7)
Gain/(loss) on hedge instrument	-	-	-	(0.4)	0.2	(0.2)
Transfer of VRTB proceeds	(0.2)	0.2	-	-	-	-
At 31 March 2026	**1,838.1**	**5.6**	**-**	**7.0**	**0.2**	**1,850.9**

Association	Revenue reserve £m	Restricted reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Total £m
At 1 April 2024	1,428.0	4.9	0.1	5.3	(0.3)	1,438.0
Deficit for the year	105.7	-	-	-	-	105.7
Actuarial gain on pension scheme	16.2	-	-	-	-	16.2
Revaluation of listed investments	-	-	(0.1)	-	-	(0.1)
Gain/(loss) on hedge instrument	-	-	-	1.8	0.3	2.1
Transfer of VRTB proceeds	(0.3)	0.3	-	-	-	-
At 31 March 2025	1,549.6	5.2	-	7.1	-	1,561.9
At 1 April 2025	1,549.6	5.2	-	7.1	-	1,561.9
Surplus for the year	40.9	-	-	-	-	40.9
Actuarial loss on pension scheme	(1.7)	-	-	-	-	(1.7)
Gain/(loss) on hedge instrument	-	-	-	(0.2)	0.2	-
Transfer of VRTB proceeds	(0.2)	0.2	-	-	-	-
At 31 March 2026	**1,588.6**	**5.4**	**-**	**6.9**	**0.2**	**1,601.1**

Restricted Reserves

Within both the Group and the Association, £0.2 million (2025: £0.2 million) of the reserves acquired with Carr-Gomm remain restricted in application.

At the year ended March 2026, £5.4 million of revenue reserves (2025: £5.2 million) in the Group and £5.2 million in the Association (2025: £5.0 million) has been restricted relating to surpluses made on asset sales as part of the Voluntary Right to Buy scheme. Funds are made up of the receipts from the discounted sale, plus compensation for the discount given. These funds are restricted in use and must be spent on new supply social housing properties on a one-for-one replacement basis.

Revaluation Reserve

The revaluation reserve comprises cumulative net changes in fair value of equity securities designated at fair value through other comprehensive income (FVOCI).

Cash Flow Hedge Reserve

The cash flow hedge reserve comprises the effective portion of cumulative net changes in the fair value of hedging instruments used in cash flow hedges.

Cost of Hedging Reserve

The cost of hedging reserve reflects gains or losses on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the cash flow hedge reserve.

29. Retirement Benefits

During the year ended 31 March 2026, the Group participated in 6 (2025: 13) funded defined benefit pension schemes. All schemes' assets are held in separate funds administered by the trustees of each scheme.

Local Government Pension Schemes

Where the underlying assets and liabilities of the defined benefit schemes can be separately identified the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, or where sufficient information is not available because of the relative size of the membership and contributions to the scheme of the Group, defined benefit schemes are accounted for as defined contribution schemes with an amount charged to the Statement of Comprehensive Income that represents the contributions payable in the year.

The Association and its subsidiaries are admitted bodies into the below local Government pension schemes, participation in which is accounted for on a defined benefit pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
London Borough of Greenwich Pension Fund	Sanctuary Housing Association	18.5%	5.5% to 9.9%	Yes
Cheshire County Council Pension Fund	Sanctuary Housing Association	0.0%	0.0%	Yes

The Cheshire County Council Pension Fund closed to future accrual in January 2022 and a Deferred Debt Agreement was put in place with the scheme. There are no ongoing employee contributions, while the Group makes agreed annual contributions in line with the funding objectives of the scheme.

Participation in the following local Government pension schemes is accounted for on a defined contribution pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
Shropshire County Council Pension Fund	Sanctuary Housing Association	11.1%	5.5% to 9.9%	Contributions only
Merseyside Pension Fund	Sanctuary Housing Association	23.3%	5.5% to 9.9%	Contributions only

Sanctuary Housing Association Final Salary Pension Scheme And Sanctuary North West Housing Association Pension Scheme

The Group participates in two further defined benefit pension schemes; the Sanctuary Housing Association Final Salary Pension Scheme (SHAFSPS) and the Sanctuary North West Housing Association Pension Scheme (SNWHAPS). Both schemes are closed to future accrual and, as such, there are no ongoing employee contributions. The Group makes monthly contributions to these schemes to ensure statutory funding objectives are met.

IAS 19 Employee Benefits

The financial assumptions used to calculate scheme liabilities under IAS 19 Employee Benefits in respect of defined benefit schemes at 31 March 2026 are as follows:

All schemes	2026 %	2025 %
RPI inflation	3.35	3.20
CPI inflation	3.05	2.85
Rate of increase in salaries	3.05	2.85
Pension increases in payment: RPI max 5% p.a.	3.19	3.07
Pension increases in payment: CPI max 5% p.a.	2.95	2.78
Discount rate	6.10	5.85

The figures shown in the table above are the general financial assumptions applied, however, the application of assumptions can vary between defined benefit pension scheme actuaries. Pension increases in payment reflect the assumptions used by the largest pension scheme actuary.

On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response to the consultation on reform to retail price index (RPI) methodology. This confirmed that RPI will be aligned with CPIH (consumer price index including owner occupiers' housing costs) from February 2030. To reflect this, the Group has changed the approach to setting the CPI inflation assumption, resulting in a 1.00% per annum deduction to RPI inflation for the period up to 2030 and 0.00% per annum for the period from 2030. This leads to a single equivalent average deduction of 0.30% per annum from the RPI inflation assumption to derive the CPI inflation assumption. Changes in the approach to the setting of RPI and CPI assumptions are reported as a change in financial assumptions in the following tables.

The financial assumptions have been set with reference to the weighted average duration for the various pension scheme participations held by the Company (approximately 15 years).

The assumptions for mortality rates are based on 108% of the Continuous Mortality Investigation of the Institute and Faculty of Actuaries (CMI) S3PA tables (2025: 108% of CMI S3PA tables) with future improvements based on the CMI 2024 model (2025: CMI 2023 model) with a long-term improvement of 1.25% per annum for both males and females. Based on these assumptions, the average future life expectancies at age 65 are:

	Males	Females
Current pensioners	21.3 years	23.7 years
Future pensioners	22.6 years	25.1 years

Changes in mortality assumptions are reported as changes in demographic assumptions in the following tables.

The fair value of assets in the scheme, split between quoted and unquoted investments, is as follows:

Group	2026 £m Quoted	2026 £m Unquoted	2026 £m Total	2026 %	2025 £m Quoted	2025 £m Unquoted	2025 £m Total	2025 %
Equities	11.5	4.0	15.5	5.9	12.9	3.4	16.3	6.3
Bonds	162.0	9.1	171.1	65.7	135.8	8.5	144.3	56.5
Property	-	0.6	0.6	0.2	15.8	0.7	16.5	6.5
Other	62.4	11.0	73.4	28.2	66.0	12.4	78.4	30.7
Total value of assets	**235.9**	**24.7**	**260.6**	**100.0**	**230.5**	**25.0**	**255.5**	**100.0**

Association	2026 £m Quoted	2026 £m Unquoted	2026 £m Total	2026 %	2025 £m Quoted	2025 £m Unquoted	2025 £m Total	2025 %
Equities	11.5	4.0	15.5	5.9	12.9	3.4	16.3	6.3
Bonds	162.0	9.1	171.1	65.7	135.8	8.5	144.3	56.5
Property	-	0.6	0.6	0.2	15.8	0.7	16.5	6.5
Other	62.4	11.0	73.4	28.2	66.0	12.4	78.4	30.7
Total value of assets	**235.9**	**24.7**	**260.6**	**100.0**	**230.5**	**25.0**	**255.5**	**100.0**

Reconciliation of the effect of the asset ceiling:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Net asset ceiling at 1 April	-	(12.5)	-	(6.8)
Remeasurement of Strathclyde Pension Fund surplus	-	3.7	-	-
Remeasurement of North East Scotland Pension Fund surplus	-	2.0	-	-
Remeasurement of the Essex Pension Fund surplus	-	2.0	-	2.0
Remeasurement of the Oxfordshire County Council Pension Fund surplus	-	4.8	-	4.8
Remeasurement of the Royal Borough of Greenwich Pension Fund surplus	(0.6)	-	(0.6)	-
Net asset ceiling at 31 March	**(0.6)**	**-**	**(0.6)**	**-**

Scheme assets/(liabilities) are reflected in the Statement of Financial Position:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Present value of employer assets	260.6	255.5	260.6	255.5
Present value of funded liabilities	(283.1)	(280.5)	(283.1)	(280.5)
Net funding in funded plans	(22.5)	(25.0)	(22.5)	(25.0)
Present value of unfunded liabilities	-	-	-	-
Pension liability before restrictions	(22.5)	(25.0)	(22.5)	(25.0)
Effect of net asset ceiling	(0.6)	-	(0.6)	-
Recognition of minimum funding requirements	-	-	-	-
Net pension liability	**(23.1)**	**(25.0)**	**(23.1)**	**(25.0)**

An analysis of the expense reflected in the Statement of Comprehensive Income:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Amount charged to operating surplus:				
Current service cost	-	(0.1)	-	-
Expenses	(0.5)	(0.6)	(0.5)	(0.6)
Total charged to operating surplus	(0.5)	(0.7)	(0.5)	(0.6)
Amount charged to finance cost:				
Interest income on plan assets	14.7	15.2	14.7	13.6
Interest cost on defined benefit obligations	(16.0)	(16.3)	(16.0)	(14.6)
Total amount charged to finance cost	(1.3)	(1.1)	(1.3)	(1.0)
Loss on cessation of defined benefit pension scheme	-	(7.5)	-	(9.0)
Total amount charged to the Income Statement	**(1.8)**	**(9.3)**	**(1.8)**	**(10.6)**
Amounts recognised in other comprehensive income:				
Remeasurement gains and losses:				
Loss on plan assets excluding interest	(1.7)	(31.7)	(1.7)	(29.5)
Experience (losses)/gains	(3.4)	(0.3)	(3.4)	0.2
Changes in financial assumptions	3.2	45.1	3.2	41.7
Changes in demographic assumptions	0.8	(3.7)	0.8	(3.6)
Effect of movement in net asset ceiling	(0.6)	12.5	(0.6)	6.8
Movement in IFRIC 14 minimum funding obligation	-	0.6	-	0.6
Total remeasurement (losses)/gains	(1.7)	22.5	(1.7)	16.2
Total amounts recognised in other comprehensive income	**(1.7)**	**22.5**	**(1.7)**	**16.2**

Reconciliation of the opening and closing balances of the present value of scheme liabilities:

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Opening defined benefit obligation	280.5	347.0	280.5	296.3
Acquisitions (note 34)	-	-	-	17.4
Revised opening defined benefit obligation	280.5	347.0	280.5	313.7
Current service cost	-	0.1	-	-
Past service cost	-	-	-	-
Interest cost	16.0	16.3	16.0	14.6
Contributions by employees	-	-	-	-
Experience losses/(gains)	3.9	(0.2)	3.9	(0.7)
Changes in financial assumptions	(3.2)	(45.1)	(3.2)	(41.7)
Changes in demographic assumptions	(0.7)	3.7	(0.7)	3.6
Net benefits paid (including expenses)	(13.4)	(14.7)	(13.4)	(13.1)
Defined benefit obligation before cessation of pension scheme	283.1	307.1	283.1	276.4
Cessation of pension schemes	-	(26.6)	-	(13.9)
Recognition of liabilities following Swan bulk transfer	-	-	-	18.0
Closing defined benefit obligation	**283.1**	**280.5**	**283.1**	**280.5**

During the year ended March 2022, the Trustee of the Sanctuary Housing Association Final Salary Pension Scheme conducted a review of the application of historic changes to scheme member benefits. The review found that, in some cases, changes to benefits provided by the scheme may have been implemented at a time or in a way that may not be in accordance with scheme rules. In response to the review, the Trustee has sought direction from the courts, on behalf of scheme employers, on how to interpret these rules. Should the courts direct that some changes were made in a way not permitted by the scheme rules, this could give rise to an increase in member benefits and an additional liability for the Group. The courts are also expected to provide further clarity on whether any additional adjustment is required in respect of the Virgin Media case and whether the Scheme can utilise the powers introduced under the Pension Schemes Act 2026 to retrospectively certify historical deeds.

While the likelihood, timing and amount of an additional liability is uncertain, the scheme's actuaries have estimated that any potential additional obligation in respect of this scheme could be material to the Group. Due to the uncertainty surrounding this review, the pension obligations stated in the Financial Statements do not reflect any additional liability that may arise from this review, which is not expected to complete until later in 2026.

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	Group		Association	
	2026 £m	**2025 £m**	**2026 £m**	**2025 £m**
Opening fair value of the scheme assets	255.5	323.1	255.5	273.9
Acquisitions (note 34)	-	-	-	14.7
Revised opening fair value of the scheme assets	255.5	323.1	255.5	288.6
Expenses	(0.5)	(0.6)	(0.5)	(0.6)
Interest income on plan assets	14.7	15.2	14.7	13.6
Losses on plan assets excluding interest	(1.7)	(31.7)	(1.7)	(29.5)
Other remeasurement gains/(losses)	-	-	-	-
Experience gains/(losses)	0.5	(0.5)	0.5	(0.5)
Contributions by employer	5.5	9.1	5.5	7.8
Contributions by employees	-	-	-	-
Net benefits paid (including expenses)	(13.4)	(14.7)	(13.4)	(13.1)
Fair value of the scheme assets before cessation of pension scheme	260.6	299.9	260.6	266.3
Cessation of pension schemes	-	(41.7)	-	(23.0)
Recognition of assets following Swan bulk transfer	-	-	-	14.9
Settlement of SNWHAPS following bulk annuity purchase	-	(2.7)	-	(2.7)
Closing fair value of scheme assets	**260.6**	**255.5**	**260.6**	**255.5**

The total and cumulative remeasurements recognised in other comprehensive income:

	Group		Association	
	2026 £m	**2025 £m**	**2026 £m**	**2025 £m**
Net actuarial remeasurements recognised in year	(1.1)	9.4	(1.1)	8.8
Net cumulative actuarial remeasurements	(27.1)	(26.0)	(33.2)	(32.1)

Remeasurement gains and losses are broken down as follows:

	Group		Association	
	2026 £m	**2025 £m**	**2026 £m**	**2025 £m**
Losses return on plan assets excluding interest	(1.7)	(31.7)	(1.7)	(29.5)
Experience gains/(losses)	(3.4)	(0.3)	(3.4)	0.2
Other remeasurement gains	-	-	-	-
Changes in financial assumptions	3.2	45.1	3.2	41.7
Changes in demographic assumptions	0.8	(3.7)	0.8	(3.6)
Total remeasurement (losses)/gains	**(1.1)**	**9.4**	**(1.1)**	**8.8**

History of consolidated defined benefit schemes in Statements of Financial Position, before recognition of the net asset ceiling or IFRIC 14 minimum funding obligations:

	Group				
	2026 £m	**2025 £m**	**2024 £m**	**2023 £m**	**2022 £m**
Defined benefit obligations	(283.1)	(280.5)	(347.0)	(342.3)	(477.3)
Scheme assets	260.6	255.5	323.1	333.9	474.4
Deficit	**(22.5)**	**(25.0)**	**(23.9)**	**(8.4)**	**(2.9)**

	Association				
	2026 £m	**2025 £m**	**2024 £m**	**2023 £m**	**2022 £m**
Defined benefit obligations	(283.1)	(280.5)	(296.3)	(300.3)	(446.7)
Scheme assets	260.6	255.5	273.9	285.1	438.2
Deficit	**(22.5)**	**(25.0)**	**(22.4)**	**(15.2)**	**(8.5)**

The Group expects to contribute the following amounts to the defined benefit schemes during the year ended 31 March 2027:

	£m
Cheshire County Council Pension Fund	0.4
Sanctuary Housing Association Final Salary Pension Scheme	5.0
London Borough of Greenwich Pension Fund	-
	5.4

Cessation Of Defined Benefit Pension Schemes

During the prior year, the Group took advantage of strong asset positions and favourable market conditions to reduce its exposure to risk by ceasing participation in a number of defined benefit pension schemes; the North East Scotland Pension Fund (NESPF), the Strathclyde Pension Fund (Strathclyde), the Essex County Council Pension Fund (Essex) and the Oxfordshire County Council Pension Fund (Oxfordshire). Exit credits were received from three of the schemes and the Group recognised an estimate of the expected final credit from the Oxfordshire County Council Pension Fund. This estimate has been revised down in the current year based on the latest information provided by the scheme, resulting in a loss on cessation of defined benefit schemes for the year ending 31 March 2026 of £4.6 million. The Group believes it should receive the full cessation date surplus and is challenging the assumptions used in the scheme's exit credit calculation.

The Group also transferred the assets of the Swan Housing Association Social Housing Pension Scheme and the Johnnie Johnson Housing Association Social Housing Pension Scheme to the Sanctuary Housing Association Final Salary Pension Scheme on 30 September 2024 and 30 January 2025 respectively. The later transfer taking place as part of a Transfer of Engagements from Johnnie Johnson Housing Association to Sanctuary Housing Association (note 34).

Also in the prior year, on 31 March 2025, the trustees of Sanctuary North West Housing Association Pension Scheme (SNWHAPS) completed a buy-in transaction whereby the assets of the scheme were invested in a bulk purchase annuity policy with the insurer Rothesay Life PLC. Under this policy, the benefits payable to defined benefit members were fully insured. Work is ongoing between the Group, the trustees and the insurer to move the plan to a full buy-out position as soon as is practical. Once this is achieved, Rothesay Life PLC will become directly responsible for pension payments, and the obligations of the Group in respect of these payments will be extinguished. As the transaction was structured to enable the plan to move to a buy-out position, and the intention is to proceed on this basis, the buy-in transaction was accounted for as a settlement, resulting in the de-recognition of assets in the scheme, equalising assets and liabilities. The assets and liabilities of the scheme will be fully de-recognised once the buy-out transaction is complete.

In line with IAS 19 Employee Benefits, the Group de-recognised the assets and liabilities of the above schemes as required and recognised a loss on cessation in the Statement of Comprehensive Income in the prior year as follows:

Group 2025	NESPF	Strathclyde	Essex	Oxfordshire	Total
	£m	£m	£m	£m	£m
De-recognition of assets	(9.2)	(9.5)	(4.5)	(18.5)	(41.7)
De-recognition of liabilities	6.3	6.4	1.9	12.0	26.6
Refund received	1.2	3.2	0.8	5.1	10.3
(Loss)/gain on cessation before other pension losses	**(1.7)**	**0.1**	**(1.8)**	**(1.4)**	**(4.8)**
Settlement of SNWHAPS following bulk annuity purchase					(2.7)
Loss on cessation of defined benefit pension schemes					**(7.5)**

Association 2025	Essex	Oxfordshire	Total
	£m	£m	£m
De-recognition of assets	(4.5)	(18.5)	(23.0)
De-recognition of liabilities	1.9	12.0	13.9
Refund received	0.8	5.1	5.9
Loss on cessation before other pension losses	**(1.8)**	**(1.4)**	**(3.2)**
Recognition of assets and liabilities following Swan bulk transfer			(3.1)
Settlement of SNWHAPS following bulk annuity purchase			(2.7)
Loss on cessation of defined benefit pension schemes			**(9.0)**

Assumption Sensitivity Analysis

The impact of a 0.1 percentage point movement in the primary assumptions (longevity: one year) on the defined benefit obligations as at 31 March 2026 is set out below:

	Group Movement £m	Association Movement £m
Discount rate +0.1%	(3.8)	(3.8)
Discount rate -0.1%	3.8	3.8
Rate of inflation +0.1%	2.4	2.4
Rate of inflation -0.1%	(2.4)	(2.4)
Life expectancy +1 year	8.7	8.7
Life expectancy -1 year	(8.7)	(8.7)

The above sensitivity analyses are based on isolated changes in each assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and there is likely to be some level of correlation between movements in different assumptions. In addition, these sensitivities relate only to potential movement in the defined benefit obligations.

The assets, held by the schemes, are to some extent designed to mitigate the full impact of these movements so that the movements in the defined benefit obligations shown above would, in practice, be partly offset by movements in asset valuations.

However, the above sensitivities are shown to illustrate at a high level the scale of sensitivity of the defined benefit obligations to key actuarial assumptions.

The same actuarial methods have been used to calculate these sensitivities as are used to calculate the relevant Statement of Financial Position values and have not changed compared to the previous period. The Group's share of total assets in participating Local Government Pension Schemes ranges from between less than 0.04% to less than 1.00% of fund value.

The asset values of the Group for the Local Government Pension Schemes are reported using estimated asset allocations prepared by each scheme actuary. This asset value is calculated at each triennial valuation per scheme. Thereafter, it is rolled forward to accounting dates using suitable estimates for investment returns, contributions received, and benefits paid out. Each employer's share of the fund is individually tracked.

Contributions which Sanctuary Group pays to the funds are allocated entirely to its identified asset share and are not spread in any way. Asset allocations are also produced using bid values where necessary.

A sensitivity analysis to reflect a plus or minus 5% movement in asset values in Local Government Pension Schemes equates to plus or minus £2.2 million (2025: £2.1 million).

Defined Benefit Schemes – Risk Factors

Through its various post-employment pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group's focus is on managing the cash demands which the various pension plans place on the Group, rather than Statement of Financial Position volatility in its own right. For funded schemes, cash requirements are generally determined by funding valuations which are performed on a different basis from accounting valuations.

Asset volatility: Plan liabilities are calculated using discount rates set with reference to bond yields (although the discount rate methodology differs for accounting and funding purposes). If plan assets deliver a return which is lower than the discount rate, this will create or increase a plan deficit.

The Group's various pension plans hold a significant proportion of equities and similar 'growth assets', which are expected to out-perform bonds in the long-term, albeit at the risk of short-term volatility. As the pension schemes mature, with a shorter time horizon to cope with volatility, the scheme trustees and administering authorities will gradually reduce holdings of growth assets in favour of increased matching assets (bonds and similar). In the meantime, the Group considers that equities and similar assets are an appropriate means of managing pension funding requirements, given the long-term nature of the liabilities and the strength of the Group to withstand volatility.

Changes in bond yields: A decrease in bond yields will typically increase scheme liabilities (and vice-versa), although this will be offset partially by an increase in the value of bonds held in the asset portfolios of the various plans. The effect of changes in bond yields is more pronounced in less well funded schemes where there is less potential for offsetting movements in asset values.

Inflation risk: As the Group's pension obligations are linked to inflation, higher inflation expectations will lead to higher liabilities, although caps are in place to protect against unusually high levels of inflation. The asset portfolio includes some inflation-linked bonds to provide an element of protection against this risk.

Member longevity: As the Group's post-employment obligations are generally to provide benefits for the life of the member, increases in life expectancy will result in an increase in scheme liabilities (and vice versa).

The mortality rate is based on publicly available mortality tables for the specific country. Covid-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of Covid-19 on long-term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and "long Covid", along with potential positive implications if the surviving population is less "frail" or the pandemic causes improved healthcare initiatives and lifestyle changes.

Climate change risk: TPT Retirement Solutions (TPT) is responsible for the investment strategy of the majority of the Group's defined benefit liabilities.

When considering environmental and social issues, TPT believes that climate change presents a material financial risk to the investment assets held, and therefore supports the goals of the Paris Agreement and has signed the Global Investor Statements to Governments on Climate Change. TPT has developed an approach to ensure that climate change risk, including physical, regulatory and transition risks are more explicitly considered through the investment process, from portfolio construction through to asset allocation. TPT's approach to responsible investment in relation to climate change has three pillars:

- Understanding the exposure of investments to climate change;
- Making sure new and existing investments are managed in a way that takes account of climate change risks and opportunities; and
- Actively engaging with the wider investment community and policy makers on climate change.

National Health Service Pension Scheme

The Association is a direction body employer of the National Health Service Pension Scheme (NHS Pension Scheme). The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS staff and qualifying employees of other approved organisations.

Employers and employees pay contributions based on a percentage of pensionable pay. Every four years the Government Actuary conducts a full actuarial review and recommends contribution rates in their valuation report to the Secretary of State for Health.

The Association contributes at a rate of 14.3% of pensionable salaries (2025: 14.3%). Members contribute at a rate of between 5.0% and 12.5% of pensionable salary.

Defined Contribution Schemes

The Group participates in defined contribution schemes for members of staff. The cost of the defined contribution schemes amounts to £13.9 million (2025: £23.1 million). As at the year end there was £1.1 million of accrued contributions due for payment after the year end (2025: £2.0 million).

30. Capital Commitments

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Expenditure contracted	160.4	209.1	6.2	3.0
Authorised expenditure not contracted	457.2	331.3	76.1	68.6
Expenditure on existing assets - committed	0.4	3.7	0.3	3.5
	618.0	**544.1**	**82.6**	**75.1**

For the Group, of the £618.0 million (2025: £544.1 million) of capital commitments at 31 March 2026, £184.6 million (2025: £135.5 million) will be financed by grant and other public finance.

For the Association, of the £82.6 million (2025: £75.1 million) of capital commitments at 31 March 2026, £31.9 million (2025: £18.4 million) will be financed by grant and other public finance.

The Group is confident its financial strength will allow it to refinance existing loans and finance the current business plan commitments at competitive rates. The Group anticipates funding this through a mix of fixed and variable interest rate facilities, cash generated from property sales, operating activities and Government grants.

31. Notes To The Statement Of Cash Flows

Cash And Cash Equivalents

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Cash and cash equivalents per Statement of Financial Position	137.0	159.6	15.3	25.5
Cash and cash equivalents per Statement of Cash Flows	**137.0**	**159.6**	**15.3**	**25.5**

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Statement of Financial Position as shown above.

Reconciliation Of Liabilities Arising From Financing Activities

Group	At 31 March 2025	Cash flows	Non-cash changes Foreign exchange movement	Non-cash changes Fair value changes	Other non-cash changes	At 31 March 2026
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(148.0)	240.7	-	-	(157.3)	(64.6)
Long-term borrowings	(3,720.5)	(292.0)	1.5	-	168.2	(3,842.8)
Lease liabilities	(33.1)	2.2	-	-	(50.5)	(81.4)
Derivative financial instruments	27.6	-	-	(1.5)	-	26.1
Total liabilities from financing activities	**(3,874.0)**	**(49.1)**	**1.5**	**(1.5)**	**(39.6)**	**(3,962.7)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£1.6 million negative movement) and interest rate derivatives (£0.1 million positive movement).

Group	At 31 March 2024	Cash flows	Non-cash changes Foreign exchange movement	Non-cash changes Fair value changes	Other non-cash changes	At 31 March 2025
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(118.3)	378.4	-	-	(408.1)	(148.0)
Long-term borrowings	(3,651.9)	(480.0)	1.3	-	410.1	(3,720.5)
Lease liabilities	(147.2)	4.3	-	-	109.8	(33.1)
Derivative financial instruments	26.5	-	-	1.1	-	27.6
Total liabilities from financing activities	**(3,890.9)**	**(97.3)**	**1.3**	**1.1**	**111.8**	**(3,874.0)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£1.0 million positive movement) and interest rate derivatives (£0.1 million positive movement).

Other non-cash changes reflect progression in the ageing of borrowings due after more than one year to less than one year, the amortisation of premiums and discounts recognised on issue of bonds and in the case of lease liabilities, the recognition, de-recognition and revaluation of right-of-use assets and corresponding lease liabilities. Foreign exchange movement relates to the retranslation of dollar denominated loan notes at the year end spot rate.

Association	At 31 March 2025	Cash flows	Non-cash changes Foreign exchange movement	Fair value changes	Other non-cash changes	At 31 March 2026
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(90.7)	151.6	-	-	(113.3)	(52.4)
Long-term borrowings	(1,810.8)	(195.0)	1.5	-	113.0	(1,891.3)
Lease liabilities	(19.0)	2.9	-	-	(53.7)	(69.8)
Derivative financial instruments	27.8	-	-	(1.6)	-	26.2
Total liabilities from financing activities	**(1,892.7)**	**(40.5)**	**1.5**	**(1.6)**	**(54.0)**	**(1,987.3)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£1.6 million negative movement) derivatives.

Association	At 31 March 2024	Cash flows	Acquisitions (note 34)	Non-cash changes Foreign exchange movement	Fair value changes	Other non-cash changes	At 31 March 2025
	£m	£m		£m	£m	£m	£m
Short-term borrowings	(77.4)	291.3	(2.4)	-	-	(302.2)	(90.7)
Long-term borrowings	(1,694.5)	(338.0)	(81.6)	1.3	-	302.0	(1,810.8)
Lease liabilities	(136.1)	4.3	-	-	-	112.8	(19.0)
Derivative financial instruments	26.8	-	-	-	1.0	-	27.8
Total liabilities from financing activities	**(1,881.2)**	**(42.4)**	**(84.0)**	**1.3**	**1.0**	**112.6**	**(1,892.7)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£1.0 million positive movement) derivatives.

Other non-cash changes reflect progression in the ageing of borrowings due after more than one year to less than one year, the amortisation of premiums and discounts recognised on issue of bonds and in the case of lease liabilities, the recognition, de-recognition and revaluation of right-of-use assets and corresponding lease liabilities. Foreign exchange movement relates to the retranslation of dollar denominated loan notes at the year end spot rate.

32. Related Party Transactions

Trading

During the year, the Association recharged costs incurred on behalf of other Group undertakings. Such costs include the Group audit fees and the recharging of Central Services costs including finance, information systems, human resources, office costs and management.

These recharges are agreed by management and are based on relevant information such as occupancy of offices, asset base and employee details.

The Association received gift aid and other distributions from its subsidiary undertakings during the year of:

Entity	2026 £m	2025 £m
ASK (Greenwich) Limited	1.0	0.3
Dornoch Medical Care Limited	-	0.3
Gate Healthcare Limited	(0.2)	0.9
Glenfairn Limited	0.3	0.2
Johnnie Johnson Developments Limited	0.2	-
Lorimer Care Homes Limited	0.6	1.7
Mull Hall Care Limited	0.2	0.6
Sanctuary Maintenance Contractors Limited	(0.1)	0.1
Sanctuary Management Services Limited	0.2	0.5
Sanctuary (NW Management) Limited	0.1	-
Sanctuary Care Limited	9.5	8.1
Sanctuary Student Homes Limited	-	1.9
Sanctuary Student Property Limited	-	1.0
Sanctuary Treasury Limited	0.1	0.1
Spiral Developments Limited	(0.1)	-
Tayside Care Limited	0.4	0.2
The Hertford Housing Company Limited	-	0.1
Other income	**12.2**	**16.0**

The Association also receives capital grants on behalf of other Group undertakings. These are transferred through intra-Group transactions into the relevant entity which owns the property the grant relates to.

At the reporting date, the Association had the following trading balances with non-RSH regulated Group undertakings:

Entity	2026 £m	2025 £m
ASK (Greenwich) Limited	1.4	0.5
ASK (Holdings) Limited	0.1	0.1
Avenue Services Limited	0.1	0.2
Beech Grove Homes Limited	2.3	(1.3)
Cornwall Care Limited	1.5	(2.7)
Dornoch Medical Care Limited	1.0	0.9
Gate Healthcare Limited	-	0.8
Glasgow Student Village Limited	-	0.4
Glenfairn Limited	0.2	0.2
Johnnie Johnson Developments Limited	-	(0.3)
Lorimer Care Homes Limited	1.5	1.9
Mull Hall Care Limited	(0.2)	0.3
Mull Hall Holdings Limited	(0.3)	(0.3)
Riverside Apartments Management Limited	(0.1)	-
Sanctuary Care Limited	12.9	7.6
Sanctuary Care Property (1) Limited	(3.8)	(3.8)
Sanctuary Care Property (2) Limited	0.9	0.9
Sanctuary Care (North) Limited	0.2	0.1
Sanctuary Home Care Limited	-	(0.1)
Sanctuary Maintenance Contractors Limited	(4.1)	(7.5)
Sanctuary Management Services Limited	(0.4)	-
Sanctuary (NW Management) Limited	2.0	1.9
Sanctuary Scotland Housing Association Limited	(0.2)	(0.1)
Sanctuary Treasury Limited	(6.6)	(7.0)
Spiral Developments Limited	1.0	0.7
Tayside Care Limited	0.8	0.5
The Hertford Housing Company Limited	-	0.1
Swan Commercial Services Limited	0.4	-
Swan New Homes Limited	1.9	1.0
Vivo Support Limited	-	0.1

At the reporting date, the Association had the following trading balances with RSH regulated Group undertakings:

Entity	2026 £m	2025 £m
Sanctuary Affordable Housing Limited	(2.3)	0.1
Swan Housing Association Limited	31.7	16.2

Loans

The Association has loan balances with other Group undertakings at the reporting date.

The Association both receives and allocates funds to other Group undertakings. These loans are arranged at commercial terms and, as appropriate, secured against the assets of each entity.

At the reporting date, the Association had the following loan and lease balances with non-RSH regulated Group undertakings:

Entity	2026 £m	2025 £m
Loans		
ASK (Holdings) Limited	1.0	1.0
Sanctuary Care Property (2) Limited	10.3	12.1
Sanctuary Maintenance Contractors Limited	2.0	-
Sanctuary Treasury Limited*	(963.4)	(837.7)

*Sanctuary Treasury Limited raises finance (including bond issues by Sanctuary Capital PLC) for onward lending to Registered Providers within the Group, including the Association.

The loan value disclosed represents the contractual principal amount and excludes any unamortised premium or discount and directly attributable transaction (set-up) costs.

At the reporting date, the Association had no loan balances with RSH regulated Group undertakings.

Accrued Interest

Related party loan net interest accrued in the Association with non-RSH regulated Group entities at the reporting date is as follows:

Entity	2026 £m	2025 £m
ASK (Holdings) Limited	0.1	0.1
Sanctuary Care Property (2) Limited	0.6	0.8
Sanctuary Treasury Limited*	(6.7)	(7.3)

*Accrued interest payable on loan balances owed to Sanctuary Treasury Limited.

There was no related party loan net interest accrued in the Association with RSH regulated Group entities.

Transactions between the Group and joint ventures and associates are disclosed on the following pages.

Sanctuary North West Housing Association Pension Scheme

The Sanctuary North West Housing Association Pension Scheme is considered a related party to the Group under IAS 19 Employee Benefits. The assets of the scheme for year ended 31 March 2026 were £9.7 million (2025: £9.7 million) and the obligations of the scheme for year ended 31 March 2026 were £9.7 million (2025: £9.7 million), these are included within the consolidated figures in note 29.

33. Investments In Subsidiaries, Associates And Jointly-Controlled Entities

The following table provides information about investments in subsidiaries, joint ventures and associates.

	Group		Association	
	2026 £m	2025 £m	2026 £m	2025 £m
Investments in subsidiaries				
Investment in subsidiaries	-	-	87.7	87.7
	-	-	87.7	87.7
Equity accounted investments				
Joint ventures	1.1	0.3	0.1	-
Associates	3.0	3.4	-	-
	4.1	**3.7**	**0.1**	**-**

The Association carries investments in subsidiaries at cost.

Details of the Association's subsidiaries and joint arrangements as at 31 March 2026 are shown below:

Entities registered in England and Wales with registered office at Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ:

Company	Nature of business	RSH regulated	Ownership (direct and indirect)
Subsidiaries			
ASK (Greenwich) Limited	Care home development and management	Non-RSH regulated	100%
ASK (Holdings) Limited	Holding company	Non-RSH regulated	100%
Astraline JJ Limited	Non-trading at year end*	Non-RSH regulated	100%
Astraline TEC Limited	Non-trading at year end*	Non-RSH regulated	100%
Avenue Services (NW) Limited	Property maintenance services	Non-RSH regulated	50%
Bateman Memorial Almshouses Charity	Registered almshouse	Registered Charity	100%
Beech Grove Homes Limited	Property development	Non-RSH regulated	100%
Cornwall Care Limited	Care home management	Registered Charity	100%
Cornwall Care Property Limited	Non-trading at year end**	Non-RSH regulated	100%
Cornwall Care Services Limited	Non-trading at year end**	Non-RSH regulated	100%
Johnnie Johnson Developments Limited	Non-trading at year end**	Non-RSH regulated	100%
Riverside Apartments Management Limited	Property management	Non-RSH regulated	78%
Sanctuary Affordable Housing Limited	Supplier of social housing	Registered Provider	100%
Sanctuary Capital PLC	Group financing	Non-RSH regulated	100%
Sanctuary Care (North) Limited	Care home management	Non-RSH regulated	100%
Sanctuary Care Limited	Care home management	Non-RSH regulated	100%
Sanctuary Care Property (1) Limited	Care home development and management	Non-RSH regulated	100%
Sanctuary Care Property (2) Limited	Care home development and management	Non-RSH regulated	100%
Sanctuary Home Care Limited	Domiciliary care	Non-RSH regulated	100%
Sanctuary Maintenance Contractors Limited	Property maintenance services	Non-RSH regulated	100%
Sanctuary Management Services Limited	Management services	Non-RSH regulated	100%
Sanctuary (NW Management) Limited	Provider of market rented property	Non-RSH regulated	100%
Sanctuary Treasury Limited	Group financing	Non-RSH regulated	100%
Spiral Developments Limited	Property development	Non-RSH regulated	100%
Spon Lane Trust Almshouses	Registered almshouse	Registered Charity	100%
St Albans Mount Management Limited	Property management	Non-RSH regulated	66.7%
Swan Commercial Services Limited	Property development	Non-RSH regulated	100%
Swan Housing Association Limited	Supplier of social housing	RSH regulated	100%
Swan Housing Capital PLC	Financing	Non-RSH regulated	100%
Swan New Homes Limited	Property development	Non-RSH regulated	100%
The Hertford Housing Company Limited	Provider of market rented property	Non-RSH regulated	100%

*Dissolved June 2026, **Active proposal to strike off

Entities registered in Scotland with registered office at Sanctuary House, 7 Freeland Drive, Glasgow, G53 6PG:

Company	Nature of business	RSH regulated	Ownership (direct and indirect)
Subsidiaries			
Dornoch Medical Care Limited	Care home management	Non-RSH regulated	100%
Gate Healthcare Limited	Care home management	Non-RSH regulated	100%
Glasgow Student Villages Limited	Student accommodation	Non-RSH regulated	100%
Glenfairn Limited	Care home management	Non-RSH regulated	100%
Lorimer Care Homes Limited	Holding company	Non-RSH regulated	100%
Mull Hall Care Limited	Care home management	Non-RSH regulated	100%
Mull Hall Holdings Limited	Holding company	Non-RSH regulated	100%
Sanctuary Homes (Scotland) Limited	Supplier of mid-market rent housing	Non-RSH regulated	100%
Sanctuary Scotland Housing Association Limited	Supplier of social housing	Registered Social Landlord (Scotland)	100%
Tayside Care Limited	Care home management	Non-RSH regulated	100%

These entities are controlled or wholly-owned subsidiaries of wholly-owned subsidiaries of the Association.

Non-Controlling Interests

The following parties have interests in the entities not wholly-owned by the Association or its subsidiaries:

- Avenue Services (NW) Limited – 50% owned by Cheshire West and Chester Council.
- Riverside Apartments Management Limited – 22% owned by the tenants of the Company.
- St Albans Mount Management Limited – 33.3% owned by the tenants of the Company.

Joint Ventures and Associates

An analysis of the profits reflected in the Group Statement of Comprehensive Income:

	2026 £m	2025 £m
Joint Ventures	0.8	(0.5)
Associates	(0.4)	1.6
Group's recognised share of profits	**0.4**	**1.1**

Joint Ventures

The Group has the following investments in joint ventures which are registered in England and Wales with registered offices at 11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY:

Name	Country of incorporation	Date of incorporation	Nature of incorporation	Voting rights	Carrying amount Group 2026 £m	Carrying amount Group 2025 £m
Linden (Biddenham) LLP	England	24 June 2015	Limited Liability Partnership	50%	0.6	0.2
Linden (Brampton) LLP	England	27 July 2016	Limited Liability Partnership	50%	-	-
Linden (Avery Hill) LLP	England	1 August 2016	Limited Liability Partnership	50%	-	-
Europa Way JV LLP	England	7 December 2017	Limited Liability Partnership	50%	0.1	0.1
Glen Parva JV LLP	England	7 December 2017	Limited Liability Partnership	50%	0.4	-
					1.1	**0.3**

The Group controls 50% of the joint ventures via Spiral Developments Limited, a wholly-owned subsidiary of the Association. The remaining 50% is controlled by Vistry Linden Limited, a wholly-owned subsidiary of Vistry Group PLC.

The joint ventures have been established to acquire, develop, manage and dispose of properties on specific development sites, including an element of affordable housing.

The Association and Vistry Linden Limited have provided equal amounts of loan finance to the joint ventures; these loans are on an arm's length basis at a commercial rate of interest. Amounts due to the Association, including capitalised interest, at 31 March 2026 totalled £4.3 million (2025: £5.7 million), see note 17. The recoverability of the loans is supported by the appraisal work performed by the Group prior to entering into the joint ventures.

The following table summarises the financial information of the joint ventures as included in their own Financial Statements:

	2026 £m	2025 £m
Cash and cash equivalents	1.1	2.1
Other current assets	11.3	12.7
Loans and borrowings – short-term	(4.8)	(8.7)
Other current liabilities	(5.4)	(6.4)
Net assets 100%	**2.2**	**(0.3)**
Net assets 50%	1.1	(0.1)
Losses not recognised	-	0.4
Group's recognised share of net assets	**1.1**	**0.3**
Revenue	13.7	22.0
Cost of sales and other operating costs	(11.3)	(21.4)
Interest income	-	0.3
Interest expense	(0.8)	(0.6)
Profit 100%	**1.6**	**0.3**
Profit 50%	0.8	0.2
Losses not recognised	-	-
Losses not previously recognised	-	(0.7)
Group's recognised share of profits	**0.8**	**(0.5)**
Dividends received by the Group	**-**	**-**

The following joint ventures, which were part of the Swan acquisition in 2023, did not trade in the current or prior year and were dissolved in April 2026.

- Purfleet Centre Regeneration Limited – 49.9% owned by Swan New Homes Limited (50% of voting rights)
- PCRL 1A Limited – 100% owned subsidiary of Purfleet Centre Regeneration Limited.

Associates

The acquisition of Swan Housing Association in 2023, included the following associates which are incorporated in England and Wales:

- Linq Investors Limited – Swan New Homes Limited owns 408 shares with voting rights in Linq Investors Limited, representing 25% of the Company's voting share capital.
- Linq Housing PLC – 100% subsidiary of Linq Investors Limited – buying and selling of real estate.

A market approach was used to determine the acquisition date fair value for the Linq investment of £1.8 million. During the year, a share of loss of £0.4 million (2025: share of gain of £1.6 million) has been recognised.

	2026 £m	2025 £m
Associates	3.0	3.4

34. Acquisitions

Transfer Of Engagements

Johnnie Johnson Housing Association

In the prior year, on 31 January 2025, the assets, liabilities and engagements of Johnnie Johnson Housing Trust Limited (Johnnie Johnson) were transferred to Sanctuary Housing Association in line with the provisions of the Co-operative and Community Benefit Societies Act 2014.

Due to the relative size of the two housing associations and the post transfer board arrangements, the transfer of engagements was deemed an acquisition under IFRS 3 Business Combinations (IFRS 3).

In accordance with the measurement principles of IFRS 3, all identifiable assets acquired and liabilities assumed were measured at their fair values at the date of transfer of engagements. As this was an internal transfer, the fair value adjustments detailed below had no impact on the results or net asset position of the Group.

Johnnie Johnson Housing Trust	**Book value £m**	**IFRS policy alignment £m**	**Fair value adjustments £m**	**Fair value £m**
Assets				
Intangible assets	1.4	-	(1.4)	-
Property, plant and equipment (including AUC)	154.4	(6.4)	90.6	238.6
Investments	0.1	-	(0.1)	-
Trade and other receivables	3.4	-	(0.9)	2.5
Inventory	0.6	-	(0.2)	0.4
Cash and cash equivalents	1.7	-	-	1.7
Liabilities				
Trade and other payables	(7.1)	-	-	(7.1)
Grants	(6.4)	6.4	-	-
Loans and borrowings	(85.8)	-	1.8	(84.0)
Retirement benefit obligations	(2.7)	-	-	(2.7)
Provisions	-	-	(0.5)	(0.5)
Net assets	**59.6**	**-**	**89.3**	**148.9**
Consideration				-
Net gain from acquisition				**148.9**

Existing intangible assets within Johnnie Johnson's books were considered to have nil value.

Property fair values were determined by independent valuers in accordance with RICS Valuation Professional Standards 'Red Book'. Social housing properties were valued at Existing Use Value - Social Housing (EUV-SH).

The fair value of trade and other receivables was determined to be £2.5 million, gross amounts receivable totalled £2.8 million, with cash flows not expected to be collected estimated at £0.3 million.

Fair value of inventory work in progress was determined by reference to finished selling prices, less the sum of costs to complete, costs to sell and a reasonable profit allowance for completion and selling effort. Valuations were carried out by independent valuers in accordance with RICS Valuation Professional Standards 'Red Book' for the acquisition inventory value, with these valuations being updated internally to reflect the fair value at the transfer date.

Fair value of loans and borrowings was determined by independent valuers by discounting cash flows with reference to a yield curve covering the maturities in Johnnie Johnson's portfolio.

Retirement benefit scheme assets and liabilities were valued by an independent actuary in accordance with IAS 19. Further details are given in note 29.

Provisions of £0.5 million were recognised for obligations previously held at Group level following acquisition fair value adjustments, but were expected to be utilised in Sanctuary Housing Association.

35. Events After The Reporting Period

On 16 June 2026, the Group, via Sanctuary Capital PLC, issued £350 million of secured sustainable Notes due 2035 under its £2.5 billion Euro Medium-Term Note programme. The Notes carry a coupon of 5.625% and are rated A2 by Moody's and A by Standard & Poor's. The proceeds will be allocated in accordance with the Group's Sustainable Finance Framework, supporting investment in existing homes and delivery of new affordable housing. As the issuance occurred after the reporting date, it has been treated as a non-adjusting event.

Subsequent to 31 March 2026, the Group entered into an agreement with a third party in relation to remediation of cladding at one scheme where the Group holds a provision. The agreement is expected to reduce the Group's future cash outflows associated with that matter. As the agreement was entered into after the reporting date, this has been treated as a non-adjusting event. Consequently, elements of the provision may be released in future reporting periods where obligations are contractually assumed by the third party, or the relevant works are completed by that party.

Subsequent to 31 March 2026, in connection with the ongoing sale process for the Group's student portfolio, the purchaser has sought to revisit pricing assumptions, citing changes in macro-economic and market conditions arising after the reporting date. Management has assessed this as a non-adjusting event and accordingly no adjustment has been made to the carrying value of the portfolio at 31 March 2026. As a result of these ongoing negotiations, the final disposal proceeds may differ from the carrying value of the assets at 31 March 2026 and could be materially lower, dependent on the final pricing agreed. Any such differences will be recognised in the financial statements for the period in which the disposal completes.

Other *Information*

↖ **Pictured:** Resident, Susie, with Care Assistant, Julie Thorpe

Appendix 1

Prepared to meet the requirements of The Accounting Direction for Private Registered Providers of Social Housing 2022.

Turnover, Cost Of Sales, Operating Costs And Operating Surplus - Group

	2026 Turnover £m	2026 Cost of sales £m	2026 Operating costs £m	2026 Operating surplus/ (deficit) £m	2025 Operating surplus/ (deficit) £m
Social housing lettings					
Housing accommodation	476.5	-	(301.0)	175.5	156.9
Sheltered and supported housing	164.9	-	(154.0)	10.9	17.1
Keyworker accommodation	12.4	-	(10.8)	1.6	6.0
Shared ownership	16.6	-	(4.4)	12.2	13.1
	670.4	**-**	**(470.2)**	**200.2**	**193.1**
Other social housing activities					
Development administration	0.4	-	(4.5)	(4.1)	(8.6)
Social housing contracts	8.8	-	(6.3)	2.5	2.0
Home ownership and managed properties	13.6	-	(8.2)	5.4	4.6
Supported registered services	11.2	-	(11.2)	-	-
Supporting People contract income	30.6	-	(30.6)	-	-
Shared ownership first tranche sales	15.3	(17.3)	-	(2.0)	0.8
Community/neighbourhood services	-	-	(0.6)	(0.6)	(1.4)
Other	11.9	-	(11.9)	-	-
	91.8	**(17.3)**	**(73.3)**	**1.2**	**(2.6)**
Non-social housing activities					
Student accommodation and market rented	80.5	-	(59.1)	21.4	18.7
Care homes	311.7	-	(304.6)	7.1	4.4
External maintenance services	-	-	-	-	0.1
Domiciliary care	3.5	-	(3.6)	(0.1)	(1.8)
Non-social housing property sales	56.0	(51.1)	-	4.9	15.9
Development write down	-	-	-	-	(15.0)
Non-social housing development	-	-	-	-	(0.2)
Development administration (non-social housing)	-	-	(4.5)	(4.5)	(2.7)
Restructuring and integration costs	-	-	-	-	(1.9)
Other	2.7	-	(2.7)	-	-
	454.4	**(51.1)**	**(374.5)**	**28.8**	**17.5**
Totals	**1,216.6**	**(68.4)**	**(918.0)**	**230.2**	**208.0**
Other gains and losses (note 7)				8.6	6.6
Share of profit of joint ventures				0.4	1.1
Operating surplus				**239.2**	**215.7**
Loss on cessation of defined benefit pension schemes				(4.6)	(7.5)
Gain/(loss) on disposal group				7.6	(3.1)
Finance income				5.0	6.0
Finance costs				(190.2)	(183.6)
Gain/(loss) on derecognition of leased assets				0.3	(10.8)
Loss on fair value of investment property				-	(60.4)
Loss on fair value of assets classified as held for sale				(8.0)	-
Gain on fair value of financial instruments				12.0	14.0
Surplus/(deficit) for the year before taxation				**61.3**	**(29.7)**
Taxation				(1.7)	1.6
Surplus/(deficit) for the year after taxation				**59.6**	**(28.1)**

Turnover, Cost Of Sales, Operating Costs And Operating Surplus - Association

	2026 Turnover £m	2026 Cost of sales £m	2026 Operating costs £m	2026 Operating surplus/ (deficit) £m	2025 Operating surplus/ (deficit) £m
Social housing lettings					
Housing accommodation	334.5	-	(218.9)	115.6	101.3
Sheltered and supported housing	138.7	-	(135.3)	3.4	4.8
Keyworker accommodation	4.5	-	(2.9)	1.6	0.8
Shared ownership	6.7	-	(1.6)	5.1	3.7
	484.4	**-**	**(358.7)**	**125.7**	**110.6**
Other social housing activities					
Development administration	0.2	-	(3.9)	(3.7)	(6.1)
Home ownership and managed properties	9.4	-	(6.2)	3.2	3.0
Supporting People contract income	15.6	-	(15.6)	-	-
Community/neighbourhood services	-	-	(1.4)	(1.4)	(1.4)
Other	7.1	-	(7.1)	-	-
	32.3	**-**	**(34.2)**	**(1.9)**	**(4.5)**
Non-social housing activities					
Student accommodation and market rented	67.7	-	(47.3)	20.4	11.9
Non-social housing property sales	0.9	(0.3)	-	0.6	2.8
Development administration (non-social housing)	-	-	-	-	0.1
Management recharges	61.7	-	(61.7)	-	-
Restructuring and integration costs	-	-	-	-	(1.9)
Other	9.7	-	(9.7)	-	-
	140.0	**(0.3)**	**(118.7)**	**21.0**	**12.9**
Totals	**656.7**	**(0.3)**	**(511.6)**	**144.8**	**119.0**
Other gains and losses (note 7)				5.5	5.0
Other income				12.2	16.0
Operating surplus				**162.5**	**140.0**
Loss on cessation of defined benefit pension schemes				(4.6)	(9.0)
Net gain from acquisitions				-	148.9
Gain/(loss) on disposal group				7.6	(3.1)
Finance income				2.0	4.1
Finance costs				(108.8)	(104.3)
Gain/(loss) on derecognition of leased assets				-	(10.8)
Loss on fair value of investment property				-	(60.1)
Loss on fair value of assets classified as held for sale				(17.7)	-
Loss on fair value of financial instruments				(0.1)	-
Surplus for the year before taxation				**40.9**	**105.7**
Taxation				-	-
Surplus for the year after taxation				**40.9**	**105.7**

Appendix 2

Prepared to meet the requirements of The Accounting Direction for Private Registered Providers of Social Housing 2022.

Income And Expenditure From Social Housing Lettings

Group	Housing accommo-dation £m	Sheltered and supported housing £m	Key worker accommo-dation £m	Shared ownership £m	2026 Total £m	2025 Total £m
Income from lettings						
Rents	446.9	93.5	12.2	13.9	566.5	544.0
Service charges	27.8	62.2	-	2.7	92.7	90.0
Total rent and service charge income	474.7	155.7	12.2	16.6	659.2	634.0
Other social income	1.8	9.2	0.2	-	11.2	25.1
Turnover from social housing lettings	**476.5**	**164.9**	**12.4**	**16.6**	**670.4**	**659.1**
Expenditure on lettings						
Management	(68.5)	(18.2)	(0.3)	(0.5)	(87.5)	(99.8)
Services	(35.4)	(79.3)	(3.4)	(1.6)	(119.7)	(110.7)
Routine maintenance	(109.6)	(33.8)	(0.8)	(0.8)	(145.0)	(139.3)
Planned maintenance	(43.2)	(10.3)	(2.0)	(0.3)	(55.8)	(55.3)
Rent losses from bad debts	(3.9)	(1.2)	-	-	(5.1)	(5.9)
Depreciation of properties	(40.4)	(11.2)	(4.3)	(1.2)	(57.1)	(55.0)
Operating costs from social housing lettings	**(301.0)**	**(154.0)**	**(10.8)**	**(4.4)**	**(470.2)**	**(466.0)**
Operating surplus from social housing lettings	**175.5**	**10.9**	**1.6**	**12.2**	**200.2**	**193.1**
Void loss	**(4.8)**	**(8.0)**	**(1.0)**	**-**	**(13.8)**	**(11.2)**

Association	Housing accommo-dation £m	Sheltered and supported housing £m	Key worker accommo-dation £m	Shared ownership £m	2026 Total £m	2025 Total £m
Income from lettings						
Rents	314.2	82.4	4.5	5.6	406.7	375.3
Service charges	19.0	48.3	-	1.1	68.4	62.0
Total rent and service charge income	333.2	130.7	4.5	6.7	475.1	437.3
Other social income	1.3	8.0	-	-	9.3	19.4
Turnover from social housing lettings	**334.5**	**138.7**	**4.5**	**6.7**	**484.4**	**456.7**
Expenditure on lettings						
Management	(49.1)	(22.8)	(0.3)	(0.2)	(72.4)	(80.9)
Services	(24.3)	(61.8)	(1.3)	(0.4)	(87.8)	(78.1)
Routine maintenance	(82.5)	(31.6)	(0.4)	-	(114.5)	(106.4)
Planned maintenance	(33.9)	(10.0)	(0.4)	-	(44.3)	(40.6)
Rent losses from bad debts	(2.2)	(1.0)	-	-	(3.2)	(3.4)
Depreciation of properties	(26.9)	(8.1)	(0.5)	(1.0)	(36.5)	(36.7)
Operating costs from social housing lettings	**(218.9)**	**(135.3)**	**(2.9)**	**(1.6)**	**(358.7)**	**(346.1)**
Operating surplus from social housing lettings	**115.6**	**3.4**	**1.6**	**5.1**	**125.7**	**110.6**
Void loss	**(3.2)**	**(6.1)**	**(0.2)**	**-**	**(9.5)**	**(7.5)**

Appendix 3

Alternative Performance Measures

In the reporting of financial information, the Group uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Group.

APMs are used for the following reasons:
- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Group's underlying performance.

In determining whether events outside normal operations should be adjusted for, the Group considers whether these items are significant either because of their size or their nature. An item will be considered for adjustment if it meets one of the following criteria:
- It is directly incurred as a result of an acquisition.
- It arises from a major business change or restructuring programme.
- It relates to a major refinancing of loans and borrowings.
- It is unusual in nature, e.g. outside the normal course of business.

Further information about the specific APMs used by the Group is shown below, including reconciliations to line items within the primary Financial Statements and accompanying notes.

Value For Money Metrics

In April 2018, the Regulator of Social Housing introduced a new Value for Money Standard and accompanying Code of Practice. The Standard introduced a requirement for providers to publish performance against their own Value for Money targets, and a series of common metrics with which to measure economy, efficiency and effectiveness set by the Regulator. The Regulator defined these metrics in the publication Value for Money metrics – technical note feedback and responses. These seven metrics remain the most appropriate set of measures to capture performance across the sector in a fair and comparable way.

The seven metrics, which are analysed in the Value For Money report on pages 42 to 51, are:
- Metric 1 – Reinvestment %
- Metric 2 – New supply delivered (social and non-social)
- Metric 3 – Gearing %
- Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %
- Metric 5 – Headline social housing cost per unit
- Metric 6 – Operating margin % (social housing and overall)
- Metric 7 – Return on capital employed (ROCE) %

Current guidance on these metrics (published June 2026), which includes details of how they are calculated, can be found at:
https://www.gov.uk/government/publications/value-for-money-metrics-technical-note-guidance-2026

Segmental Reporting

The Group's operating segments are defined and reconciled in note 6 to the Financial Statements on page 89.

Analysis of these operating segments, referred to as operating divisions, is included in the business reviews on pages 30 to 39. This analysis includes reference to divisional EBITDA and divisional EBITDA percentage, which are key measures of operational performance for the Group and are regularly monitored by senior management.

Divisional EBITDA is calculated by taking divisional revenue and deducting costs directly attributable to the division as well as an apportionment of central costs. It is presented before interest, tax, depreciation and, amortisation and also excludes other adjusting items including impairment of property, write down of inventory, unallocated corporate central overheads, costs associated with integration and restructuring and other gains and losses. See note 6 for further details.

Total divisional EBITDA (as disclosed in the five-year summary on page 29) is the sum of the EBITDA of all individual divisions. See note 6 for further details.

Other Metrics (Included In Five-Year Summaries On Page 29)

Profitability – Measurement Of Financial Performance

Underlying Operating Surplus

Operating surplus, excluding integration and restructuring costs, building safety contractor recoveries, write down of development site and other gains and losses.

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Operating surplus	239.2	215.7	215.2	205.3	178.6
Adjust for:					
Integration and restructuring costs	-	1.9	4.1	-	-
Building safety contractor recoveries	-	-	(5.0)	-	-
Write down of development site	-	15.0	-	-	-
Other gains and losses (note 7)	(8.6)	(6.6)	(7.6)	(10.9)	(6.4)
Underlying operating surplus	**230.6**	**226.0**	**206.7**	**194.4**	**172.2**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded when calculating operating surplus and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales. Integration and restructuring costs have arisen as a result of acquisitions and are considered to be outside of normal operations, which is also the case for building safety contractor recoveries.

Underlying Operating Surplus Margin

Underlying operating surplus as a percentage of revenue.

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Revenue	1,216.6	1,179.3	1,085.4	943.8	812.5
Underlying operating surplus	230.6	226.0	206.7	194.4	172.2
	19.0%	**19.2%**	**19.0%**	**20.6%**	**21.2%**

Operating Costs As A Percentage Of Revenue

Operating expenditure as a percentage of revenue (excludes cost of sales, other gains and losses and joint venture income).

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Revenue	1,216.6	1,179.3	1,085.4	943.8	812.5
Operating expenditure	918.0	883.1	803.7	659.9	593.6
	75.5%	**74.9%**	**74.0%**	**69.9%**	**73.1%**

Underlying Surplus For The Year

Surplus for the year before tax excluding restructuring costs, write down of development site other gains and losses, net gain from acquisitions and other items outside of normal business operations.

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Surplus/(deficit) before tax	61.3	(29.7)	196.3	81.8	58.6
Adjust for:					
Restructuring and integration costs	-	1.9	4.1	-	-
Building safety contractor recoveries	-	-	(5.0)	-	-
Other gains and losses (note 7)	(8.6)	(6.6)	(7.6)	(10.9)	(6.4)
Write down of development site	-	15.0	-	-	-
Loss on cessation of defined benefit pension schemes	4.6	7.5	(0.9)	6.2	-
Net gain from acquisitions	-	-	(152.0)	(21.1)	(2.3)
(Gain)/loss on disposal group	(7.6)	3.1	-	-	-
Gain/(loss) on derecognition of leased assets	(0.3)	10.8	8.2	-	(2.7)
Loss/(gain) on fair value of investment property	-	60.4	(0.3)	7.8	-
Loss on fair value of assets classified as held for sale	8.0	-	-	-	-
Gain on fair value of financial instruments	(12.0)	(14.0)	(1.6)	(1.1)	(1.3)
Underlying surplus for the year	**45.4**	**48.4**	**41.2**	**62.7**	**45.9**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales. Integration and restructuring costs have arisen as a result of acquisitions and are considered to be outside of normal operations, which is also the case for building safety contractor recoveries. Other activities considered to be outside the normal course of business are the loss on refinancing relating to the restructure of the student portfolio, pension scheme cessation gains/losses and gains from acquisitions. Gains and losses from fair value movements of investment property and financial instruments have been excluded as they are driven by external market factors rather than being representative of the underlying trading performance of the Group.

Underlying Net Margin

Underlying surplus for the year as a percentage of revenue.

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Revenue	1,216.6	1,179.3	1,085.4	943.8	812.5
Underlying surplus for the year	45.4	48.4	41.2	62.7	45.9
	3.7%	**4.1%**	**3.8%**	**6.6%**	**5.6%**

Debt – Ability To Service Debt And Secure Funding

Interest Cover/Interest Cover (Excluding Loan Break Costs)

Operating surplus plus depreciation and impairment divided by net interest payable, excluding pension finance costs, loan break costs and gains on refinancing.

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Operating surplus	239.2	215.7	215.2	205.3	178.6
Add back depreciation and impairment (note 4)	99.0	102.8	83.9	74.0	78.1
	338.2	318.5	299.1	279.3	256.7
Finance income	(5.0)	(6.0)	(6.3)	(3.9)	(2.2)
Finance costs	190.2	183.6	171.8	135.6	124.5
Add back pension finance costs (note 9)	(1.3)	(1.1)	(0.8)	(0.4)	(1.3)
	183.9	176.5	164.7	131.3	121.0
Add back loan break costs	-	-	-	-	-
Add back gain on refinancing	-	-	-	-	2.7
	183.9	176.5	164.7	131.3	123.7
Interest cover	**1.84**	**1.80**	**1.82**	**2.13**	**2.12**
Interest cover (excluding loan break costs)	**1.84**	**1.80**	**1.82**	**2.13**	**2.08**

This metric has been adjusted to ensure only finance costs attributable directly to borrowings have been included.

Gearing

Net Debt/Properties Depreciated Cost

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Liabilities from financing activities (note 22)	3,988.8	3,901.6	3,917.4	3,758.7	3,074.9
Less cash and cash equivalents	(137.0)	(159.6)	(141.9)	(180.1)	(102.1)
	3,851.8	3,742.0	3,775.5	3,578.6	2,972.8
Property (PPE) cost – land and buildings (note 13)	7,676.5	7,404.3	7,283.3	6,807.1	5,851.8
Property (PPE) accumulated depreciation – L&B (note 13)	(621.5)	(565.5)	(492.7)	(438.5)	(403.8)
Property (PPE) cost – under construction (note 13)	220.3	259.5	290.7	276.3	263.9
Investment property valuation/cost (note 14)	253.0	78.8	588.5	564.1	346.5
Investment property accumulated depreciation (note 14)	-	-	-	-	(89.6)
	7,528.3	7,177.1	7,669.8	7,209.0	5,968.8
	51.2%	**52.1%**	**49.2%**	**49.6%**	**49.8%**

Methodology Statement For Streamlined Energy And Carbon Reduction (SECR) Declaration

In this carbon emissions declaration, we report emissions from gas and electricity consumption, fleet fuel consumption, and private business mileage.

Energy consumption relates to company buildings where Sanctuary pays the bills through our Group gas and electricity contracts. This includes:

- 109 care homes (including Cornwall Care)
- 30 student accommodation complexes
- 39 key office locations
- Communal heat and power at housing and supported living schemes

Transport energy consumption relates to 1,502 commercial vans, 382 company cars including salary sacrifice, 27 minibuses, 30 trailers, and 36 plant vehicles. We also include business mileage carried out by over 1,500 staff in personal vehicles.

Our baseline year for these emissions is financial year 2019/2020, our first year of publishing carbon emissions for the Group. Data for this year was validated by the Carbon Trust.

Greenhouse gas emissions were then calculated using the Department for Business, Energy, and Industrial Strategy's 2025 Conversion Factors.

Since 1 October 2021, the Group has procured renewable electricity, resulting in electricity being certified as carbon-neutral and a conversion factor of zero being used for carbon calculations.

Advisers And Other Information

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Internal auditor	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Bankers	Barclays Bank PLC Barclays Corporate Social Housing Team Level 27 1 Churchill Place London E14 5HP
Legal adviser	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR
Registered office	Chamber Court Castle Street Worcester WR1 3ZQ

Registration Numbers

Regulator of Social Housing	L0247
Registered Society	19059R

Sanctuary Housing Association is an exempt charity under the Charities Act 2011

Sanctuary

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Registered Society No. 19059R

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Pictured: Solar panels at our Callows Rise development in Tenbury Wells