

SANCTUARY CAPITAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

Company Number: 06808472

Sanctuary Capital PLC

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Sanctuary Capital PLC

Company Information

Directors

Luigi Belli

Ed Lunt

Craig Moule

Company Secretary

Nicole Seymour

Registered office

Sanctuary House

Chamber Court

Castle Street

Worcester

WR1 3ZQ

Registered number

Company Number 06808472

Independent statutory auditor

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Internal auditor

PricewaterhouseCoopers LLP

One Chamberlain Square

Birmingham

B3 3AX

Banker

Barclays Bank PLC

Barclays Corporate

Social Housing Team

Level 27

1 Churchill Place

London

E14 5HP

Legal advisor

Gowling WLG (UK) LLP

Two Snowhill

Birmingham

B4 6WR

Sanctuary Capital PLC

Strategic Report for the year ended 31 March 2025

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2025.

Principal activities

The principal activity of Sanctuary Capital PLC (the Company) is to act as an onward lender of monies raised via the debt capital market to its immediate parent company, Sanctuary Treasury Limited. This is expected to continue in the foreseeable future. The Company is part of the Sanctuary Group (the Group) of entities.

Results and Gift Aid payments

The results of the Company for the year ended 31 March 2025 are set out on page 12. The Directors approve a Gift Aid payment to the ultimate parent undertaking of £6,000 (2024: £6,000). The Directors do not recommend the payment of a dividend (2024: Nil).

Review of the business and future developments

The Directors are satisfied with the results for the year, a profit for the year of £5,000 (2024: £5,000), and expect future performance to continue on the same basis.

The Company operates as a Group funding vehicle and has on-lent all of its funds to Sanctuary Treasury Limited, which in turn has on-lent to Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited. Surpluses generated by these borrowers are used to pay interest on the existing issues in accordance with the prevailing agreements.

Based on a detailed assessment of the cash flow forecasts of the Group, including the Company's ultimate borrowers, which have been updated to cover a period of at least 12 months from the date of approval of these financial statements and have been subjected to a number of plausible downside scenarios, the Directors are confident in the ability of the borrowers to continue to meet their obligations in line with existing agreements.

The financial statements have been prepared on a going concern basis. Further details are given in note 1.

Key performance indicators

The Company operates as a Group funding vehicle and as such has no specific key performance indicators.

The entity is monitored against an original performance model and it is thus expected to break even. A gain occurred as a result of a derivative utilised as part of the Company's risk management strategy to secure the final gilt price on the 2010 bond tap issue. This gain occurred during the financial year ended 31 March 2011 and the amortisation of this will result in a small surplus each year over the life of bonds issued.

Principal risks and uncertainties - financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs.

Interest rate risk

As at 31 March 2025, 100% (2024: 100%) of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore, any movement in the market value of debt due to changes in interest rates is not deemed material to the on-going operations of the Company.

Sanctuary Capital PLC

Strategic Report for the year ended 31 March 2025 (continued)

Financial risk management (continued)

Liquidity risk

The Company actively lends the full amount of the loans it has itself borrowed, thus the entity has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

Attached to the intercompany borrowings is a financial guarantee from Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited, being the entities that draw down monies from Sanctuary Treasury Limited, which is secured by first legal mortgages over property assets with a value in excess of total borrowings. All of these borrowers have signed up and agreed to the guarantee and security agreement with Sanctuary Capital PLC.

Section 172 statement

The Directors acknowledge their duties owed to the Company which include to promote its success by having regard to the consequences of any decisions in the long term, fostering relationships with stakeholders including its Bond holders, maintaining a reputation for high standards of business conduct, considering the impact of the Company's operations on the community and environment and to act fairly.

The Directors consider the Company fulfilling its obligations under the Bond Trust Deed to be its key success factor in the long term.

The Company forms part of the Sanctuary Group, which provides regular investor updates and is committed to actively maintaining and fostering relationships with all stakeholders. Sanctuary Group's Corporate Strategy includes a focus on building financial resilience and ensuring decisions are made that are in the long-term interest of the Group and its stakeholders.

The continued monitoring of the Company's key risks including those of its primary stakeholder, Sanctuary Treasury Limited, remain important duties in promoting the Company's success.

As part of a Group headed by a Registered Provider the Company has due regard for the local communities in which it operates and the environment. Social purpose is embedded in the Group's mission and values and includes investment in activities to engage the communities in which it serves. The Group's wider regeneration projects, which target deprived geographical areas and estates, deploy innovative solutions widely regarded as environmentally efficient and sustainable.

The Group is regulated by the Regulator of Social Housing, promoting a culture of financial responsibility and strong corporate governance. The Group has a G1 governance rating, the highest possible, and has compliant V2 & C2 ratings for financial viability and consumer standards, respectively. The Group also complies with the National Housing Federations Code of Governance 2020.

Signed by:

72A4179EC487409...

Craig Moule
Director and Chair
24 September 2025

Sanctuary Capital PLC

Directors' Report for the year ended 31 March 2025

The Directors present their annual report and audited financial statements for the year ended 31 March 2025.

Directors

The Directors of the Company who held office during the year and to the date the financial statements were signed were:

Craig Moule (Chair)
Luigi Belli
Ed Lunt

Company Secretary

Nicole Seymour

Principal activities

The principal activity of Sanctuary Capital PLC (the Company) is to act as an onward lender of monies raised via the debt capital market to its immediate parent company, Sanctuary Treasury Limited. This is expected to continue in the foreseeable future. The Company is part of the Sanctuary Group (the Group) of entities.

Going concern

The Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Company continues to adopt the going concern basis in its financial statements.

The Directors have prepared a going concern assessment, 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 going concern assessment period). 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. In forming their view the Directors have taken into consideration the borrowing structure (guarantee and security) in place with Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited. The Sanctuary group operates a centralised treasury function overseeing the day to day and long-term forecasting and management of cash for all entities within the group. As a result cash funding within the group is integrated in nature, and therefore the subsidiaries are reliant on the continued support of Sanctuary Housing Association to ensure there are sufficient cashflows to repay the borrowings as they fall due.

Sanctuary Housing Association has provided a letter of support to the Board of its immediate subsidiaries Sanctuary Scotland Housing Association and Sanctuary Affordable Housing Limited to confirm that it intends, should the need arise, to provide financial and/or other support to these Associations, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of these financial statements. Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Information included in the Strategic Report

Information regarding performance and principal risks and uncertainties are included in the Strategic Report on page 3.

Sanctuary Capital PLC

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent statutory auditor

KPMG LLP has indicated their willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board


 Signed by:
 72A4179EC487409...
 Craig Moule
 Director
 24 September 2025

Independent auditor's report to the members of the Sanctuary Capital PLC

1 Our opinion is unmodified

We have audited the financial statements of Sanctuary Capital Plc ("the Company") for the year ended 31 March 2025 which comprise the Profit and Loss Account and Other Comprehensive Expense, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 audit committee.

We were first appointed as auditor by the directors on 28 November 2014. The period of total uninterrupted engagement is for the 11 financial years ended 31 March 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Company 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.

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 (unchanged from 2024), 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.

Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £1,333.8 million (2024: £1,334.2 million)

The risk – low risk high value

The Company's primary activity is to issue bonds and on-lend to authorised borrowers within the Group. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to Group members.

Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.

However, due to their materiality in the context of the Company financial statements, this is considered to be the area that has the greatest effect on our overall Company audit.

Independent auditor's report to the members of the Sanctuary Capital PLC (continued)

Our response

We performed the tests below rather than seeking to rely on any of the company's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included:

Test of detail: Assessing the recoverability for 100% of intercompany long term debtors owed by the authorised borrower within the Group to identify, with reference to the borrower's financial balance sheet for the year ended 31 March 2025, whether they have a positive net asset value and sufficient headroom to cover the debt owed, and that future cash flow plans include repayment of the debt.

Assessment of borrower: Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets. This included assessment of the fair value headroom available on those net assets, and therefore the ability of the borrower to fund repayment of the receivable. We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the borrower in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of scenarios being applied by other entities.

Our results

We found the Company's assessment of the recoverability of the long term debtor balance to be acceptable (2024 result: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £13.4 million (2024: £13.5 million), determined with reference to a benchmark of total assets, of which it represents 1% (2024: 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% (2024: 75%) of materiality for the financial statements as a whole, which equates to £10.1 million (2024: £10.1 million).

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 Audit Committee any corrected or uncorrected identified misstatements exceeding £675,000 (2024: £675,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Company's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company'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 its 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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was:

- Recoverability of long term debtors

Independent auditor's report to the members of the Sanctuary Capital PLC (continued)

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of severe, but plausible adverse effects that could arise from this risk.

Our procedures are also inherently linked with our key audit matter in relation to the recoverability of the long term debtors; as the borrowers inability to meet their obligations to the Company would result in the inability of the Company to meet its own obligations as they fall due. Consequently, our procedures noted above took into account the financial forecasts of the Group, including the Company's borrowers.

Our conclusions based on this work:

- we consider that the directors' 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 directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company'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.

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 Company 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 members and management as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual suspected or alleged fraud; and
- Reading Board minutes

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no revenue recognised in this entity.

We did not identify any additional fraud risks.

We performed procedures including the identification of journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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 directors and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity'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.

Independent auditor's report to the members of the Sanctuary Capital PLC (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits 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.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors 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.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent auditor's report to the members of the Sanctuary Capital PLC (continued)

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

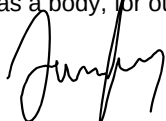
Auditor's responsibilities

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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company'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

Date: 24 September 2025



Sanctuary Capital PLC
Profit and Loss Account and Other Comprehensive Expense for the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Other income		6	6
Operating profit	2	<u>6</u>	<u>6</u>
Interest receivable and similar income	3	57,292	57,324
Interest payable and similar expenses	4	(57,292)	(57,324)
Profit before tax		<u>6</u>	<u>6</u>
Tax on profit	5	(1)	(1)
Profit for the financial year		<u>5</u>	<u>5</u>

The profit for the current and prior year relates wholly to continuing activities.

Other Comprehensive Income for the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Profit for the financial year		5	5
Net change in fair value of cash flow hedges		(7)	(5)
Total comprehensive (loss)/result for the year		<u>(2)</u>	<u>-</u>

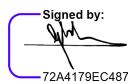
The notes on pages 15 to 25 form part of these financial statements.

Sanctuary Capital PLC
Balance Sheet as at 31 March 2025

	Notes	2025 £'000	2024 £'000
Current assets			
Debtors falling due within one year	6	16,792	16,766
Debtors falling due after more than one year	6	1,333,762	1,334,163
		<u>1,350,554</u>	<u>1,350,929</u>
Cash at bank and in hand		164	169
		<u>1,350,718</u>	<u>1,351,098</u>
Current liabilities			
Creditors: amounts falling due within one year	7	(16,798)	(16,770)
		<u>1,333,920</u>	<u>1,334,328</u>
Net current assets			
Creditors: amounts falling due after more than one year	8	(1,333,762)	(1,334,163)
		<u>158</u>	<u>165</u>
Net assets			
Capital and reserves			
Called up share capital	10	50	50
Cash flow hedge reserve		108	115
Profit and loss account		-	-
		<u>158</u>	<u>165</u>
Total shareholders' funds			
		<u>158</u>	<u>165</u>

The notes on pages 15 to 25 form part of these financial statements.

The financial statements were approved by the Board of Directors on 24 September 2025 and signed on its behalf by:

Signed by:

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Craig Moule
Chair

Sanctuary Capital PLC
Statement of Changes in Equity for the year ended 31 March 2025

	Share capital £'000	Profit and loss account £'000	Cash flow hedge reserve £'000	Movement in shareholders funds £'000
At 1 April 2023	50	-	120	170
Comprehensive income				
Profit for the financial year	-	5	-	5
Cash flow hedge	-	-	(5)	(5)
Total comprehensive expense	-	5	(5)	-
Transactions with owners				
Gift aid	-	(6)	-	(6)
Tax credit on gift aid	-	1	-	1
Total transactions with owners	-	(5)	-	(5)
At 31 March 2024	50	-	115	165
At 1 April 2024	50	-	115	165
Comprehensive income				
Profit for the financial year	-	5	-	5
Cash flow hedge	-	-	(7)	(7)
Total comprehensive income	-	5	(7)	(2)
Transactions with owners				
Gift aid	-	(6)	-	(6)
Tax credit on gift aid	-	1	-	1
Total transactions with owners	-	(5)	-	(5)
At 31 March 2025	50	-	108	158

The notes on pages 15 to 25 form part of these financial statements.

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025

1. Principal accounting policies

Statutory information

Sanctuary Capital PLC (the Company) is a private company limited by share capital, incorporated in England and Wales and domiciled in the UK. The registered office and registered number are shown on page 2, Company Information.

The Company is classified as a financial institution.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (IFRS) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Sanctuary Housing Association, includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with International Financial Reporting Standards are available to the public and may be obtained from Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries of the group;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

As the Company is classified as a financial institution under FRS 101, it cannot claim the exemption for disclosures required by IFRS 13 *Fair Value Measurement* or for the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as Fair Value through Profit and Loss (FVPL) or as Fair Value through Other Comprehensive Income (FVOCI).

The financial statements are presented in pounds sterling, which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest thousand.

Going concern

The Company's principal activities, together with factors likely to affect its future performance, are set out on page 3.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

1. Principal accounting policies (continued)

Going concern (continued)

In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on the authorised borrowers generating sufficient cash flows to settle the payments of principal and interest on the onward loan of the funding which the Company raised.

The Directors have prepared a going concern assessment, 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 going concern assessment period). 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. In forming their view the Directors have taken into consideration the borrowing structure (guarantee and security) in place with Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited. The Sanctuary group operates a centralised treasury function overseeing the day to day and long-term forecasting and management of cash for all entities within the group. As a result cash funding within the group is integrated in nature, and therefore the subsidiaries are reliant on the continued support of Sanctuary Housing Association to ensure there are sufficient cashflows to repay the borrowings as they fall due.

Sanctuary Housing Association has provided a letter of support to the Board of its immediate subsidiaries Sanctuary Scotland Housing Association and Sanctuary Affordable Housing Limited to confirm that it intends, should the need arise, to provide financial and/or other support to these Associations, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of these financial statements. Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

Other income

The Company utilised an interest rate derivative as part of its risk management strategy, which resulted in a gain from the 2010 bond tap issue in the financial year ended 31 March 2011. Subsequently, this gain is being amortised over the life of the bonds issued in accordance with applicable hedge accounting standards. This is shown as other income in the Profit and Loss Account.

When the issuing of bonds results in a premium or a discount over or under par, it is the policy of the Company to recognise such premium or discount on an effective interest rate basis, unless another basis provides no material variance. Any premiums or discounts are passed on to the relevant company in which the bonds relate and, therefore, there is no profit or loss impact for the Company on the issuance of bonds. The bonds are held at amortised cost in the financial statements.

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

1. Principal accounting policies (continued)

Gift Aid

Where Gift Aid payments are made to the Company's ultimate parent undertaking, Sanctuary Housing Association, these are treated as a distribution of reserves.

Corporation tax

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Cash flow hedge gilt lock

The Company utilised an interest rate derivative as part of its risk management strategy, which resulted in a gain from the 2010 bond tap issue in the financial year ended 31 March 2011. The gain on the cash flow hedge gilt lock is being amortised on an effective rate basis over the life of the bonds issued. The Company has no other derivatives and no longer undertakes cash flow hedges.

Financial Instruments

a) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

All of the Company's financial assets are measured at amortised cost.

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 not classified as FVPL are 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.

All of the Company's financial liabilities are measured at amortised cost.

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

1. Principal accounting policies (continued)

Expected Credit Losses

Expected Credit Losses (ECLs) are a probability-weighted estimate of credit losses. ECL allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Assets measured at amortised cost are subject to a twelve-month ECL allowance. Twelve month probabilities of default (PD) are based on historical credit loss data supplied by the rating agency Moody's. Due to the low credit risk and the significant reduction in the loss given default (LGD) from the security held in place for the Company's assets no impairment allowance is recognised as it would not be material.

2. Operating profit

All of the Directors receive salaries in their capacity as employees of the ultimate parent undertaking, Sanctuary Housing Association. Consequently, any expenses payable are also borne by the ultimate parent undertaking as they are incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking in respect of the Directors are negligible.

The Company has no employees (2024: none).

The statutory auditor remuneration attributable to the Company of £4,000 (2024: £4,000) is also borne by Sanctuary Housing Association and not recharged. No non-audit services were received during the year (2024: nil).

3. Interest receivable and similar income

	2025 £'000	2024 £'000
Loan interest receivable	57,667	57,674
Premium amortisation	(1,536)	(1,467)
Bond discount	1,161	1,117
	57,292	57,324

Loan interest received was from group undertakings.

4. Interest payable and similar expenses

	2025 £'000	2024 £'000
Loan interest payable	57,667	57,674
Premium amortisation	(1,536)	(1,467)
Bond discount	1,161	1,117
	57,292	57,324

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

5. Tax on profit

(a) Analysis of tax charge in year:

	2025 £'000	2024 £'000
Current tax:		
UK corporation tax on profits of the year	<u>1</u>	<u>1</u>

(b) Factors affecting the tax charge in year:

The tax charge for the year is the same as (2024: the same as) the standard rate of corporation tax in the UK of 25% (2024: 25%).

	2025 £'000	2024 £'000
Profit before taxation	<u>6</u>	<u>6</u>
Profit multiplied by the small profits rate of corporation tax in the UK of 25% (2024: 25%)	<u>1</u>	<u>1</u>
Total tax charge	<u>1</u>	<u>1</u>

Whilst the tax charge is £1,000 (2024: £1,000), due to the charitable allowance of gift aid the overall expectant tax charge payable to HMRC will be Nil (2024: Nil).

(c) Profit and loss account reserve

	2025 £'000	2024 £'000
At 1 April	-	-
Profit for the year	5	5
Gift aid in respect of current year	(6)	(6)
Current tax credit on gift aid	<u>1</u>	<u>1</u>
At 31 March	<u>-</u>	<u>-</u>

Sanctuary Capital PLC
Notes to the financial statements for the year ended 31 March 2025 (continued)
6. Debtors

	2025	2024
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by parent undertaking	16,792	16,766
Amounts falling due after more than one year:		
Amounts owed by parent undertaking	1,333,762	1,334,163
	1,350,554	1,350,929

The amounts falling due within one year relate to accrued interest receivable and premium to be amortised over the next year.

The loans falling due after more than one year, totalling £1,333,762,000 (2024: £1,334,163,000), incur interest at rates between 2.38% and 6.70% (2024: between 2.38% and 6.70%) and are secured on property held by Group undertakings.

7. Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Premium on issue	1,608	1,536
Discount on issue	(1,207)	(1,161)
Borrowings due within one year	401	375
Amounts owed to group undertakings	6	6
Accrued interest	16,391	16,389
	16,798	16,770

Amounts owed to group undertakings are trading in nature, repayable on demand and do not incur interest.

8. Creditors: amounts falling due after more than one year

	2025	2024
	£'000	£'000
Amounts due to bond holders	1,345,000	1,345,000
Premium on issue	37,410	39,019
Discount on issue	(48,648)	(49,856)
	1,333,762	1,334,163

The borrowings are due as follows:

	2025	2024
	£'000	£'000
Due in more than five years	1,345,000	1,345,000

Of the amounts disclosed as due in more than five years, the full amount is non-instalment debt. Repayments are due in financial years 2038, 2039, 2048 and 2051.

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

9. 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 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 Group's Financial Statements.

Where financial instruments are measured in the Balance Sheet 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

	2025 £'000	2024 £'000
Amount due from parent undertaking (note 6)	1,350,554	1,350,929
Cash at bank and in hand	164	169
	1,350,718	1,351,098

Financial liabilities

Financial liabilities at amortised cost- current

	2025 £'000	2024 £'000
Debt finance (note 7)	401	375
Amounts owed to group undertakings (note 7)	6	6
Accrued interest (note 7)	16,391	16,389
	16,798	16,770

Debt finance consists of amounts due to bond holders.

Financial liabilities at amortised cost – non-current

	2025 £'000	2024 £'000
Debt finance (note 8)	1,333,762	1,334,163

Debt finance consists of amounts due to bond holders.

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

9. Financial instruments and risk management (continued)

Valuation

Bank loans and mortgages are measured at book value. However, fair value can be calculated and these are disclosed below.

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 Company's assets, liabilities and cash flows. The interest rate exposure of the Company net debt at 31 March 2025 was:

	£'000	%
Fixed rate financial assets	1,350,554	100.00
Fixed rate financial liabilities	(1,350,554)	100.00
Net financial assets / liabilities	-	

The weighted average interest rate of the Company's long term financial liabilities is 4.29% (2024: 4.29%). The Company operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs.

The Company's cash flow interest rate risk relates to:

- fixed rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £3.4 million (2024: £3.4 million).

A comparison of the book value to fair value of Company's long-term borrowings at 31 March 2025 is set out below.

	2025 Book Value £'000	2025 Fair Value £'000
Amounts due to bond holders	1,333,762	1,074,985

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above;

- The fair value of loans with a maturity of less than one year is assumed to equate to their carrying value.
- The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.

The variance between the fair value and the book value of the Company's long-term borrowings is driven by the discount rates and weighted average life of the fixed rate financial liabilities, which is 20.7 years (2024: 21.7 years).

The Company on-lends borrowings to related Group entities, as such it is exposed to interest rate risk on its assets (intercompany loans) as well as its liabilities (external bonds).

The Company mitigates interest rate risk on a net basis by structuring intercompany loans to mirror the interest terms of the external bonds.

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

9. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company 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 internally 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 Company's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value as security is gained from the Company's stock. These systems ensure that facilities are available to the Company which are secured and available to draw on as required.

The Company's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Company to meet its financial obligations.

The Company 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 Company's financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans, mortgages and deferred finance. Interest is calculated based on debt held at 31 March.

At 31 March 2025	Debt	Interest on debt	Total
	£'000	£'000	£000
Due less than one year	-	57,667	57,667
Between one and two years	-	57,667	57,667
Between two and three years	-	57,666	57,666
Between three and four years	-	57,666	57,666
Between four and five years	-	57,666	57,666
Greater than five years	1,345,000	844,948	2,189,948
Gross contractual cash flows	1,345,000	1,133,280	2,478,280

At 31 March 2024	Debt	Interest on debt	Total
	£'000	£'000	£000
Due less than one year	-	57,667	57,667
Between one and two years	-	57,666	57,666
Between two and three years	-	57,666	57,666
Between three and four years	-	57,666	57,666
Between four and five years	-	57,666	57,666
Greater than five years	1,345,000	902,615	2,247,615
Gross contractual cash flows	1,345,000	1,190,946	2,535,946

Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

9. Financial instruments and risk management (continued)

c) Credit risk

Credit risk applies to all debtor balances and to debt finance. Risk relates to financial risk.

Financial

The Company manages credit risk by carrying out monthly credit checks on all counterparties from which the Company either sources funds or places deposits. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties. It is the Company's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Company's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating.

The maximum credit risk at 31 March 2025 and 2024 was as follows:

	2025 £'000	2024 £'000
Amount due from parent undertaking (note 6)	1,350,554	1,350,929
Cash and cash equivalents	164	169
	<u>1,350,718</u>	<u>1,351,098</u>

d) Concentration risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile.

Management considers the Company's main concentration of risk to be the principal activity as onward lender of monies raised via the debt capital market to its immediate parent undertaking, Sanctuary Treasury Limited, which in turn on lends funds to three Group entities within the borrowing group. As such the Company is exposed to concentration risk arising from its reliance on a limited number of counterparties within the Group.

All borrowers are regulated housing associations that have provided a financial guarantee, which is secured by first legal charge over property assets with a value in excess of total borrowings.

Management considers the concentration risk to be mitigated by the financial strength of the borrowing group and the contractual terms of the guarantees.

e) Collateral held

The Company does not hold any significant collateral.

f) Capital

The Company considers its capital balances to be share capital and reserves (see Statement of Changes in Equity).



Sanctuary Capital PLC

Notes to the financial statements for the year ended 31 March 2025 (continued)

10. Share capital

	2025 £'000	2024 £'000
Authorised, allotted and fully paid share capital: 50,000 ordinary shares of £1 each	50	50

11. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Sanctuary House, Chamber Court, Castle Street, Worcester WR1 3ZQ.

12. Post balance sheet events

On 4 April 2025, the Company published the Programme Admission Particulars in relation to its inaugural £2.5 billion Note Programme. The Note Programme will enable the Group to access the capital markets efficiently and in a timely manner and support continued investment in both existing and new homes. The Note Programme also provides the Group the ability to issue both secured and unsecured notes.

The new Euro Medium-Term Note (EMTN) borrowing group comprises Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited, Sanctuary Affordable Housing Limited and Swan Housing Association Limited and is in addition to the current borrowing group, which remains unchanged.