Sanctuary Capital PLC

Sanctuary Group Half-Year Consolidated Unaudited Trading Update

Sanctuary Group ("Sanctuary", "Group", "we") presents its unaudited consolidated half-year ("H1 2026") trading update for the financial year ending 31 March 2026.

Comparatives are shown for the Group's audited prior financial year ended 31 March 2025 ("2025"), and the Group's prior half year unaudited equivalent ("H1 2025").

Group Highlights[1]

- Homes in management: 126,091 (H1 2025: 125,821)
- Group revenue: £592.7 million (H1 2025: £592.3 million)
- Regulatory rating: G1 / V2 / C2 (H1 2025: G1 / V2)
- Customer satisfaction with repairs (Housing): 74.9% (H1 2025: 73.8%)
- Care Quality Commission rating: 96% (H1 2025: 95%)
- Care Inspectorate Scotland: 100% (H1 2025: 89%)
- Group underlying operating surplus: £112.8 million (H1 2025: £105.0 million)
- Group operating surplus: £116.2 million (H1 2025: £107.4 million)
- Group underlying operating margin: 19.0% (H1 2025: 17.7%)
- Group operating surplus margin: 19.6% (H1 2025: 18.1%)
- RSH operating surplus margin social: 29.9% (H1 2025: 30.8%)
- Total divisional EBITDA: £165.4 million (H1 2025: £154.6 million)
- EBITDA MRI Interest cover: 138.9% (H1 2025: 133.6%)
- Gearing: 53.7% (H1 2025: 49.5%)
- Months of cash and facilities available: 17 months (H1 2025: 23 months)
- Credit rating (S&P / Moody's): A / A2 (H1 2025: A / A2)
- Vacant stock: 3.0% (H1 2025: 3.0%)
- Homes on site and in development: 2,892 homes (H1 2025: 3,493 homes)

Commenting on the results Ed Lunt Chief Financial Officer said

"Sanctuary delivered a strong set of results for the first half of this financial year, underlining our continued solid operating performance across all of our operations. This was achieved against a more stable economic backdrop but increasing staff cost pressures.

"Robust revenue from improved occupancy coupled with efficiencies and lower utility costs have ensured divisional EBITDA, operating margin and interest cover are all improved compared to the equivalent period last year.

"We have maintained our focus on repairs performance and reinvestment across our homes. This ongoing investment reflects our continued focus on providing our customers with homes that are safe and of a high quality.

We prioritise spending on current homes while also focusing on the delivery of much needed new affordable homes. Our financial performance and position is robust which gives us the confidence to continue investing, growing and extending the Group's social purpose while ensuring the Group's long-term sustainability."

[1] 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 and are defined at the end of this Trading Update

Financial Performance

Group revenue year to date was £592.7 million (H1 2025: £592.3 million). Income improved across the Affordable Housing, Supported Living, Care and Student operating divisions; however, H1 2025 sales revenue was buoyed by the bulk sale of 66 Swan outright sale units contributing to the fall in outright sales income in H1 2026 versus H1 2025.

The Group generated an underlying operating surplus of £112.8 million (H1 2025: £105.0 million), and Group operating surplus of £116.2 million (H1 2025: £107.4 million).

Underlying surplus before tax increased to £22.7 million, £1.1 million higher than prior year (H1 2025: £21.6 million). The Group generated a surplus before tax of £33.5 million (H1 2025: £24.0 million).

Underlying operating margin was 19.0% (H1 2025 17.7%), and operating margin 19.6% (H1 2025: 18.1%). Year to date, we continued to maintain a strong housing margin with a RSH operating surplus margin of 29.9% (H1 2025: 30.8%).

Cash generated from operating activities was £108.7 million, £48.5 million lower than for the equivalent 2025 period due to working capital phasing (H1 2025: £157.2 million). EBITDA MRI interest cover of 138.9% has improved (H1 2025: 133.6%); historically the Group reports a higher H1 metric compared to the full year due to the Group's reinvestment profile.

Summary Statement of Comprehensive income	**H1 2026 Unaudited £m**	**H1 2025 Unaudited £m**	**2025 Audited £m**
Revenue	592.7	592.3	1,179.3
Underlying operating surplus	112.8	105.0	226.0
Operating surplus	116.2	107.4	215.7
Underlying surplus before tax	**22.7**	**21.6**	**48.4**

As a result of the reclassification of certain properties from non-current assets to assets held for sale at the end of 2025, H1 current assets have increased compared to the same period last year (with a corresponding fall in H1 2025 non-current assets).

Summary Statement of Financial Position	**H1 2026 Unaudited £m**	**H1 2025 Unaudited £m**	**2025 Audited £m**
Non-current assets	5,215.6	5,823.9	5,282.8
Current assets	1,111.1	491.5	1,066.9
Total assets	**6,326.7**	**6,315.4**	**6,349.7**
Current liabilities	560.8	394.6	705.6
Non-current liabilities	3,945.7	4,086.3	3,850.9
Reserves	1,820.2	1,834.5	1,793.2
Total reserves and liabilities	**6,326.7**	**6,315.4**	**6,349.7**

Operating Performance

Vacant stock levels (H1 2026: 3.0%, H1 2025: 3.0%) have increased since the start of the financial year due primarily to the completion of new schemes, though, through a focus on void properties, year to date income lost from void properties (void loss) (H1 2026: 1.7%) has reduced from the equivalent period in the prior year (H1 2025: 1.9%). Rent arrears of 3.67% were slightly higher than at same period last year (H1 2025: 3.63%), average care occupancy increased to 90% (H1 2025: 89%), and student occupancy remained the same at 97% (H1 2025: 97%).

Operating Metrics	H1 2026	H1 2025	2025
Void loss (%)	1.7	1.9	1.7
Vacant stock (%)	3.0	3.0	2.5
Rent arrears (%)	3.67	3.63	3.04
Re-let days (England)	48	44	44
Periodic Student occupancy (%)[2]	97	97	95
Average care occupancy (%)[3]	90	89	90
Care Quality Commission rating (England) (%)	96	95	95
Supported Living Registered Services Care Quality Commission rating (England) (%)	97	95	95
Care Inspectorate Scotland rating (%)	100	89	95

Satisfaction with our repairs service continues to be good at 74.9% (H1 2025: 73.8%) reflecting our continuing commitment to listen and learn from our customers. The Group has also continued to invest in its existing properties with reinvestment spend year to date of £32.0 million (H1 2025 £29.8 million).

Development and Sales

Sanctuary completed 287 (H1 2025: 493) new homes[4] across social housing, shared ownership and market sale tenures; 2,892 (H1 2025: 3,493) homes were on-site and in development at the period end[5].

Sales of 38 (H1 2025: 26) shared ownership homes and 67 (H1 2025: 111) outright sales generated revenue of £29.2 million (H1 2025: £56.2 million); H1 2025 sales revenue was buoyed by the bulk sale of 66 Swan outright sale units.

Revenue sales risk remains limited with sales revenue representing 4.9% of the Group's total revenue (H1 2025: 9.5%).

[2] Occupancy at end of the period covered by the trading update
[3] Cumulative average occupancy year to date
[4] Completed homes exclude joint ventures and consortia
[5] Pipeline and on-site homes include joint ventures

New Homes Completed	H1 2026	H1 2025	2025
Social housing tenures	183	361	570
Shared ownership	60	24	83
Outright sale	44	108	179
Commercial	-	-	6
Total	**287**	**493**	**838**

Treasury

The continued strength of our liquidity is highlighted by our closing cash balance at the half-year of £115.8 million (H1 2025: £116.1 million) and undrawn facilities of £345.5 million (H1 2025: £464.3 million), which provides the Group with 17 months of financing versus committed expenditure. Although this figure is below the 2025 year-end position, the Group maintains significant balance sheet capacity coupled with the £2.5 billion EMTN programme.

Funding and Capacity[6]	H1 2026	H1 2025	2025
Capacity (£m)	2,002.0	2,367.0	2,173.2
Cash and undrawn facilities (£m)	461.3	580.4	516.1
Group net debt (£m)	3,860.1	3,832.8	3,742.0
Gearing Group (%)	53.7	49.5	52.1
Proportion of debt fixed (%)	80.1	80.3	81.2
Credit ratings (S&P / Moody's)	A / A2	A / A2	A / A2

Sanctuary investment grade credit ratings remain A with a stable outlook (Standard & Poor's), and A2 with a stable outlook (Moody's).

The Group's investor page (Investors | Sanctuary) provides more information including the latest Annual report and Financial Statements, Corporate Strategy, Sustainability Report, and corporate news.

For further information, please contact:

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[6] Please refer to: Select Alternative Performance Measures

Select Alternative Performance Measures

- **Underlying operating surplus:** operating surplus, excluding integration and restructuring costs, and other gains and losses.

- **Underlying operating surplus margin:** operating surplus, excluding integration and restructuring costs, other gains and losses and other items outside of normal business operations, as a percentage of revenue.

- **Operating surplus margin:** operating surplus as a percentage of revenue.

- **RSH operating surplus margin social:** operating surplus / (deficit) from social housing lettings as a percentage of revenue.

- **Divisional EBITDA:** total divisional revenue after deducting costs directly attributable to the divisions as well as an apportionment of central costs, but excluding interest, tax, depreciation, amortisation and impairment.

- **EBITDA-MRI Interest cover:** the total: of operating surplus after deducting capitalised major repairs expenditure (net of related grant), less government grant amortised or taken to income, plus interest receivable, plus total depreciation, divided by: the sum of interest payable and financing costs plus interest capitalised.

- **Group Gearing:** Total loans and borrowings less cash and cash equivalents divided by properties at depreciated cost.

- **Capacity:** cash plus undrawn facilities plus available unencumbered property that could be used to raise finance.

- **Sales revenue as percentage of total revenue:** The aggregate of the following sales revenue divided by total revenue

    - revenue from shared ownership first tranche sales; and
    - revenue from non-social housing property sales.

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