CLARION
HOUSING GROUP

Clarion Housing Group

Interim Report and Accounts

Half year ended 30 September 2025

CONTENTS

The half year at a glance

All figures are actuals

FINANCIAL HIGHLIGHTS	6 months to 30 September 2025 (H1 2025/26)	6 months to 30 September 2024 (H1 2024/25)	12 months to 31 March 2025
Turnover	£522m	£542m	£1.087bn
Operating surplus (pre-disposals)	£127m	£118m	£188m
Operating margin (pre-disposals)	24%	22%	17%
Operating surplus	£163m	£138m	£232m
Operating margin	31%	25%	21%
Net surplus	£93m	£68m	£82m
Operating cost* per home	£3,238	£3,114	£6,538
Investment in new homes	£253m	£196m	£420m
Spend on improving and maintaining homes	£186m	£177m	£417m
Liquidity	£1,117m	£1,382m	£1,279m

* Excluding pension cessations

OPERATIONAL HIGHLIGHTS	6 months to 30 September 2025 (H1 2025/26)	6 months to 30 September 2024 (H1 2024/25)	12 months to 31 March 2025
Overall resident satisfaction	84.9%	84.9%	84.7%
Resident satisfaction with repairs	91.0%	91.4%	90.4%
Arrears	6.0%	6.9%	5.9%
Homes managed at the end of the period	124,227	124,130	124,662
Social rent loss due to voids	£8m	£9m	£18m
Occupancy rates	98.9%	98.5%	98.6%
Social Value of community investment activity	£60m	£76m	£128m

DEVELOPMENT HIGHLIGHTS	6 months to 30 September 2025 (H1 2025/26)	6 months to 30 September 2024 (H1 2024/25)	12 months to 31 March 2025
Total new homes constructed	678	792	1,727
Of which new affordable homes	511	616	1,433
Of which new private sales homes (including share of JCEAs)	167	176	294
Sales income (excluding share of JCEA sales and leaseholder reprovision)	£43m	£88m	£192m
Total sales volume (excluding share of JCEA sales)	259	527	1,006

<u>Interim Management Report</u>

Statement from the Group Chief Executive

This year has been a milestone in Clarion's story as we celebrate our 125th anniversary. But rather than looking back, we've chosen to look forward. The values that inspired our founder, William Sutton, remain the same today: a belief that a safe, secure and affordable home is the foundation for a better life. Our task is to carry that purpose into a new era defined by opportunity, sustainability and inclusion.

At the halfway point of the financial year, I'm pleased to report another period of strong performance, with a turnover of £522 million and an improved operating surplus of £163 million. These results reflect the strength of our core business and the dedication of our people across the country.

We continue to invest significantly in both new and existing homes, delivering the quality and safety our residents expect. Over the past six months, we've invested £253 million in new housing supply and £186 million on maintaining and improving homes, ensuring that our residents live in places they can feel proud of and that will stand the test of time.

Our long-term approach was recognised this year when the Regulator of Social Housing upgraded our financial viability rating to V1, acknowledging the resilience and prudence that underpin our work.

Our purpose remains clear: to provide homes and opportunities that enable people to thrive. Resident satisfaction remains strong, with 84.9 per cent overall and 91.0 per cent for repairs, and through our charitable foundation Clarion Futures, we've supported more than 600 people into work and over 3,000 into training so far this year. We've also doubled the Making a Difference Fund to back even more resident-led projects, and once again celebrated inspiring William Sutton Prize winners bringing innovation to their communities.

We're proud to be working alongside partners nationwide to deliver new homes. In Greater Manchester, Mayor Andy Burnham joined us in September to mark the start of our Boddingtons Brewery regeneration which will deliver more than 500 much-needed new homes, the majority of which being affordable.

As we look to the years ahead, our Foresight Group and its *Five New Giants of Opportunity* report have challenged us to think boldly about what housing can make possible and how it can strengthen connection, resilience and trust across communities. The legacy of our first 125 years gives us firm foundations, and the coming decades will be defined by how we build on them.

Clare Miller
Group Chief Executive

Statement from the Group Chair

The first half of this financial year has underlined both the resilience of Clarion and the importance of the role we play in today's housing landscape.

As the Group's 125th year draws to a close, we enter 2026 in a period of renewed national focus on housing, with a government committed to building 1.5 million new homes backed by the £39 billion Affordable Homes Programme and a consultation on rent convergence. These steps signal a long-awaited move towards a more stable policy environment that can give providers the confidence to plan and invest for the long term.

Within this context, Clarion's financial results highlight the benefits of strong governance and disciplined management. Liquidity remains robust and our surpluses allow continued investment in both new homes and the maintenance of existing ones.

The broader economic picture remains complex, but Clarion's long-term approach, prudent treasury management and strong balance sheet ensure we are well positioned to navigate this landscape with confidence.

We also recently welcomed the Regulator's confirmation of our V1 financial viability, G1 governance and C2 consumer gradings which recognised our sound oversight and the work already underway to strengthen the way we deliver for residents.

While the C2 rating shows there is more to do, it also reinforces our determination to deliver improvement. As the country's largest housing association, we hold ourselves to the highest standards, and our residents will always come first in every decision we make.

Across the country, Clarion's new developments - from Manchester and Leeds to future communities such as Tendring and Colchester in Essex - demonstrate the lasting social impact that well-designed, affordable housing can deliver. Each scheme represents more than bricks and mortar, but an investment in opportunity, resilience and belonging.

Our Foresight Group and its *Five New Giants of Opportunity* report capture that forward-looking spirit, recognising that housing is integral to national renewal, underpinning the wellbeing and prosperity of communities everywhere.

With a proud history, a strong financial foundation and a clear mission, Clarion stands ready to help shape the future of social housing.

Jock Lennox
Group Chair

Financial Review

The first half of the financial year 2025/26 has seen a strong and resilient financial performance, this being delivered against a challenging market background.

Although turnover at £522 million was reduced (H1 2024/25: £542 million) reflecting lower development sales, operating surplus at £163 million was £25 million higher than the prior year (H1 2024/25: £138 million) and net surplus at £93 million was also £25 million higher (H1 2024/25: £68 million). In keeping with our role as charitable social housing provider, all of this net surplus has been invested in a continued programme of planned improvements to our existing housing, improvements in our customer services as well as the development of new social housing.

Community Investment continues to form an integral part of the Group's strategy with £8 million spent on providing activities such as support and advice for residents facing financial difficulties (H1 2024/25: £7 million).

The Group's gearing ratio at 47% has been kept comfortably below our tightest covenant with strict controls on debt and net assets increasing to £2,848 million (31 March 2025: £2,758 million). Operating activities have generated £163 million of cash (H1 2024/25: £222 million) allowing us to comfortably service our interest obligations of £98 million (H1 2024/25: £99 million). Liquidity remains high at £1,117 million, a £162 million reduction on the position reported in March 2025 with £100 million of this reduction being a voluntary early cancellation of undrawn facilities.

In recognition of the underlying strength of the financial performance, the Regulator of Social Housing (RSH) has confirmed that Clarion continues to meet its required standards - and has recently upgraded our financial viability rating from V2 to the highest rating of V1.

Statement of Comprehensive Income

Operating surplus

In the six months to 30 September 2025 the Group has generated an improved operating surplus of £163 million and an operating margin of 31% (H1 2024/25: £138 million at 25%). This increase has been delivered in both our core social housing lettings activity, where operating surplus has increased to £137 million (H1 2024/25: £124 million), and our other social housing activities where operating surplus has increased to £23 million (H1 2024/25: £9 million). Non-social activities has seen a small reduction to £3 million (H1 2024/25: £5 million).

Figure 1: Six month movement in operating surplus from social housing lettings activity

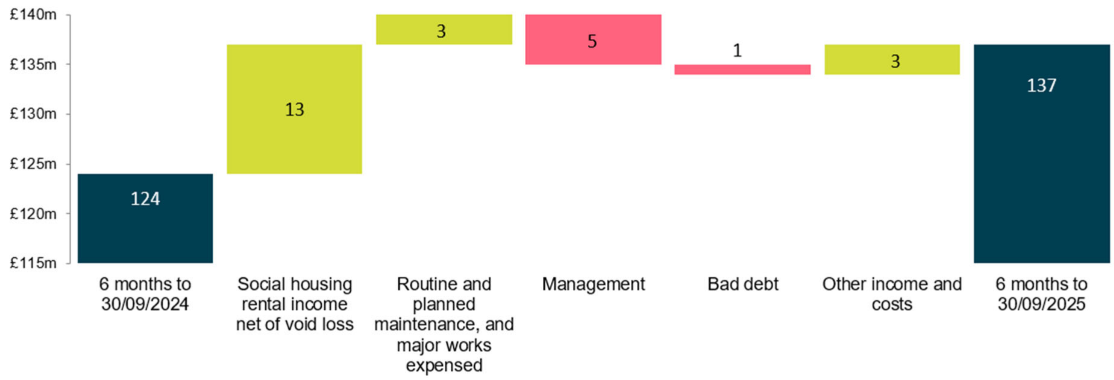

Figure 1 provides an analysis of the movement in operating surplus from our core activity of social housing lettings. Social housing rent income (net of voids) has increased by £13 million which is driven by the rent increases across the portfolio, with uplifts of 2.7% (CPI+1%) for social rents and 3.6% (RPI+0.5%) for shared ownership rents. As a continued focus for the business, Void losses are reduced by £1 million to £8 million (H1 2024/25: £9 million) and represents 2% of social rent income.

There has been a net £3 million reduction in Routine and planned maintenance, and major works expensed costs during the first half of 2025/26 as we continue to focus on these services being delivered in an efficient and effective manner. This includes activities such as insourcing more work and using fewer contractors.

Our tenancy and management services have seen a £5 million increase in the total charge. The movement is largely attributable to increases in staffing costs (both FTE and cost of living increases) along with other back office costs.

Our Customer Accounts Team continue to offer bespoke support to help residents maximise their income and manage their finances. As a result the bad debt provision charge for the six months has only slightly increased by £1 million to £5 million in the difficult economic climate.

The bad debt charge is a reflection of how well we collect rent from our tenants, and our continued management of amounts owed has resulted in arrears effectively holding steady at 6.0% (31 March 2025: 5.9%). Our Money Guidance team continues to provide support to many of our residents, helping them manage their finances, including accessing the benefits they are entitled to.

Figure 2: Six month movement in operating surplus from other social housing activities (OSHA) and non-social housing activities (NSHA)

The Group's other social housing activities generated an operating surplus of £23 million, a £14 million improvement (H1 2024/25: £9 million) upon the previous half year. Figure 2 analyses the movement.

Shared ownership first tranche sales generated a £2 million operating surplus in the six months to 30 September 2025 (H1 2024/25: £4 million), a £2 million decrease on the prior year. The drop is due to a combination of lower sales volumes, with 223 sales completing and also reduced gross margins at 5% (H1 2024/25: 398 sales at 11%).

Social housing property disposals generated a healthy surplus at £36 million, which is £17 million higher than that generated in the first half of 2024/25. This includes 780 units sold to other Registered Providers along with the gains from shared ownership staircasing, open market disposals and right to buy and right to acquire sales.

There has been a further £10 million impairment charge, primarily for a single scheme where the original contractor failed and the completion costs are now significantly increased. This compares to the £3 million impairment charge in the previous half year, a rise of £7 million.

The £1 million pension cessation cost improvement relates to a £1 million charge that was incurred in the prior year.

Our non-social housing activities include our open market sales and lettings from our market rent and commercial portfolios. Operating surplus across these activities has decreased to £3 million at the half year point (H1 2024/25: £5 million) with Figure 2 showing this decrease occurred within our open market sales performance.

The open market sales environment remains extremely challenging with high interest rates and economic uncertainty creating weak demand. During this time, we have intentionally limited new supply but continue to sell legacy stock. Over the six month period to 30 September 2025, 36 open market sales have completed at a negative 10% gross margin (H1 2024/25: 129 sales at a break even gross margin). These figures exclude our share of joint venture sales.

At 30 September 2025, 26 open market sale units were reserved/exchanged (30 September 2024: 125) with a further 181 available for sale (30 September 2024: 183 available for sale).

Despite the current economic climate, operating surplus from our remaining other non-social lettings activity continues to remain resilient at £6 million (H1 2024/25: £6 million).

Net surplus

Below operating surplus, notable movements include those relating to investment properties and interest payable.

The first half of 2024/25 has seen the value of our investment property portfolio reduce by £4 million (2024/25: £2 million increase). This is due to a broadly negative outlook for the economy impacting yield expectations.

Falling interest rates and reduced facilities have resulted in Interest payable and financing costs decreasing by £6 million to £87 million with the weighted average cost of capital reducing to 4.35% (H1 2024/25: 4.48%).

Reducing interest rates have also contributed to a £1 million decrease in interest receivable.

Other Comprehensive Income (OCI)

The market value of the Group’s interest rate swaps (derivatives) as at 30 September 2025 remains broadly in line with the value at 31 March 2025. The movement in fair value of our financial instruments recognised in OCI over the period is a £3 million loss (with an offsetting £2 million gain in the Income Statement). This compares to a £nil OCI movement in the six months to 30 September 2024.

Also included in OCI is the remeasurement of our defined benefit pension schemes, which is £nil for the period (H1 2024/25: £4 million gain). The Group now retains just two defined benefit pension schemes, both of which are closed to future accrual. Since 31 March 2025, the net liability on our largest pension scheme has increased to £39 million (31 March 2025: £38 million), while the net surplus on the Group’s other defined scheme has remained at £7 million.

Statement of Financial Position

Our financial position metrics remain strong with our net asset position increasing to £2,848 million (31 March 2025: £2,758 million). Our gearing ratio (as per our strictest covenant definition and based on our Guarantor) is 47% (31 March 2025: 48%).

The primary drivers behind the £90 million (3%) increase in net assets are our continued investment in existing properties and new homes, and our contained debt position.

Over the first six months of 2025/26, the Group has invested £253 million in our new homes and major regeneration programmes (H1 2024/25: £196 million), with 92% of this investment relating to affordable homes (H1 2024/25: 91%).

Partially offsetting this movement is a £18 million net increase in our grant liability, as the new grant recognised during the year exceeded the amounts amortised or transferred on disposal.

The Group completed 678 properties during the first half of the financial year - of which 75% were for affordable tenures (H1 2024/25: 792, of which 78% affordable). With a current pipeline of some 21,902 new homes, the Group continues to focus on building new homes (primarily affordable) but also remains committed to ensuring we retain a robust and sustainable financial profile.

During the first half of 2025/26 we have invested £54 million (H1 2024/25: £41 million) in our existing homes which is on top of the £132 million (H1 2024/25: £136 million) of revenue maintenance spend. The year-on-year net increase reflects our continued focus on improving the quality of our existing homes.

Figure 3 demonstrates this commitment with our capital investment in homes being more than three times our net surplus.

Figure 3: Surplus versus investment in social housing

Since 31 March 2025, the Group has seen a £162 million reduction in its liquidity position to £1,117 million, although this remains at a significant level. The primary driver of the reduction was the £100 million voluntary cancellation referred to earlier. At the half year, the Group had a notional debt position of £4,600 million (31 March 2025: £4,593 million) along with undrawn committed facilities of

£1,052 million (31 March 2025: £1,177 million). In addition, the Group holds cash and cash equivalents of £65 million at the half year point (31 March 2025: £102 million).

The Group continues to hold a relatively high proportion of its net debt at fixed rates (88%, September 2024: 91%) thus ensuring it is not unduly exposed to fluctuating interest rates. The Group's weighted average maturity of its borrowings stands at 14 years (31 March 2025: 14 years).

Other notable movements impacting the Statement of Financial Position are a £9 million increase in our interests in JCEAs reflecting our continuing investment in a number of jointly controlled entities to deliver more homes, and a £15 million reduction in other creditors due within one year reflecting working capital movements.

Statement of Cash Flows

Figure 4: Group cash flows for the six month period

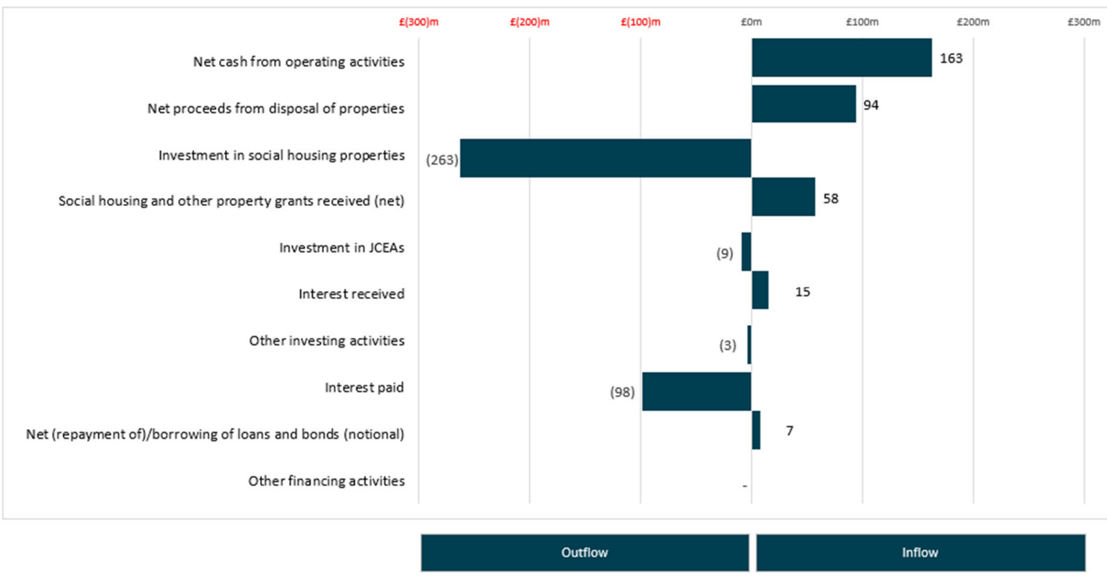

Figure 4 summarises the Group's cash flows for the half year where we have seen a net cash outflow of £37 million (H1 2024/25: £58 million inflow). The values disclosed are cash movements and therefore will differ to those presented in the rest of our analysis due to exclusion of accruals and other non-cash accounting items.

Operational cash generation provides an indication of the Group's ability to meet the underlying obligations of its properties and service its interest payments without relying on one-off transactions such as sales and debt financing.

At £163 million, cash generation from operations is significant (H1 2024/25: £222 million) and is comfortably in excess of the Group's £98 million interest payments (H1 2024/25: £99 million). The remaining net £65 million (H1 2024/25: £123 million), along with grant receipts of £58 million (H1 2024/25: £69 million) and disposal proceeds of £94 million (H1 2024/25: £84 million) fund the £263 million (H1 2024/25: £202 million) investment in new and existing social housing properties.

Our net cash from financing activities is a £91 million net cash outflow to 30 September 2025 versus a £115 million outflow to 30 September 2024. The primary outflow continues to be our interest payments of £98 million, while a net £7 million was borrowed from debt facilities.

The Group ended the half year with cash and cash equivalents of £65 million (30 September 2024: £144 million, 31 March 2025: £102 million), a significant contributor to the Group's overall liquidity position.

Principal risks and uncertainties

The Group Board remains committed to strengthening Clarion's risk management framework and proactively addressing its principal risks. Our risk profile continues to be influenced by external factors whilst we drive continuous improvement initiatives that are essential to achieving our long-term strategic objectives.

Our key risk priorities include strengthening cyber resilience, navigating changes in government policy, and adapting to an evolving legislative and regulatory landscape. Delivering an excellent customer experience remains paramount, supported by programmes that ensure safe, compliant, and high-quality homes. Our strategy is anchored in becoming a data-driven organisation, enhancing operational effectiveness and guiding our transformation initiatives.

We continue to monitor the macroeconomic environment closely, recognising its ongoing influence on our operations. Boards across Clarion Housing Group receive regular updates on key risks, their potential impacts, and the controls and mitigation plans in place. This ensures that risk management remains a strategic priority throughout our business.

Outlook

The sector continues to face a range of challenges including increased regulatory requirements, a higher cost base and a difficult housing development market.

The government continues to demonstrate it is making housing a priority; the £39 billion affordable home grant announcement and CPI+1% rent settlement provides the sector with confidence to plan and invest for the long term. Alongside possible future rent convergence, this gives the potential for the wider sector to stabilise the recent decline in levels of financial headroom.

Fitch affirmed Clarion's rating at A+, negative outlook in November, noting that they "observed a significant improvement in FY25 and expect this trajectory to continue". The A+ rating is one of only three in the sector from Fitch, and the only one of a large association with a material London presence. In the context of recent downgrades to peers, the rating reflects Clarion's higher capacity to flex plans in light of market conditions, as well as our additional financial strength.

This financial capacity to deal with a wide range of adverse scenarios was recognised by the regulator in October, when our financial viability rating was regraded from V2 to V1.

S&P also maintained our A- rating (stable outlook) in November, noting that; "we think that Clarion has a good understanding of its stock and investment needs, and its fire and building safety program is well managed. The agency also recognised that; “Clarion exercises good cost controls, and we think it uses the flexibility its large asset base offers, for example in relation to development or stock disposal decisions.”

Moody’s held our rating at A3 (stable outlook) in November, commenting that; “the substantial scale of Clarion results in a strong market position and greater political influence relative to smaller peers” and that; “Clarion’s large balance sheet supports a higher capacity to navigate uncertainties compared to smaller housing associations.”

In the Outlook of our 2024 Interim Report and Accounts, we noted the possibility that inflation and interest rates may reduce at a slower pace than previously anticipated. This has transpired in practice, and we are satisfied with decisions taken which have allowed us to stand back while market rates are elevated by rises in Gilt yields. We will continue to retain this conservative approach to financial management, which enables us to remain well placed to face any future challenges.

We expect to maintain a strong financial position to the end of the financial year.

<u>Independent Review Report to Clarion Housing Group Limited</u>

Conclusion

We have been engaged by Clarion Housing Group Limited (“the Group”) to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2025 which comprises Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Capital and Reserves, the Group Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2025 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors’ responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly report in accordance with FRS 104 *Interim Financial Reporting*.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Group in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this 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 Group for our review work, for this report, or for the conclusions we have reached.

Fleur Nieboer

for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

dd December 2025

Group Statement of Comprehensive Income for the half year ended 30 September 2025

	Notes	**Half year ended 30 September 2025 Reviewed £m**	Half year ended 30 September 2024 Reviewed £m	Year ended 31 March 2025 Audited £m
Turnover	4a	**521.9**	541.8	1,086.9
Cost of sales	4a	**(42.8)**	(83.4)	(165.4)
Operating costs (excluding pension cessations)	4a	**(352.4)**	(338.8)	(732.1)
Pension cessations	4a	**-**	(1.3)	(1.3)
Surplus on disposal of properties	4a	**36.1**	19.6	43.6
Operating surplus	4a	**162.8**	137.9	231.7
Deficit on disposal of other fixed assets	4a	**-**	-	(0.9)
Share of (deficit)/surplus of JCEAs		**(0.2)**	3.1	(3.2)
(Loss)/gain on revaluation of investment properties		**(4.3)**	2.1	1.1
Interest receivable	5	**14.9**	15.5	30.9
Interest payable and financing costs	6	**(86.8)**	(93.2)	(183.9)
Movement in fair value of financial instruments	7	**2.0**	(0.6)	(0.6)
Surplus on ordinary activities before taxation		**88.4**	64.8	75.1
Tax credit on surplus on ordinary activities	8	**4.9**	3.2	7.0
Surplus for the period		**93.3**	68.0	82.1
Remeasurement of defined benefit pensions	15	**0.2**	4.0	7.8
Movement in fair value of financial instruments	7	**(3.3)**	-	33.0
Total comprehensive income for the period		**90.2**	72.0	122.9

The financial statements were approved by the Board and were signed on its behalf by:

Jock Lennox
Group Chair

Mark Hattersley
Group Chief Financial Officer

Louise Hyde
Company Secretary

17 December 2025

Group Statement of Financial Position as at 30 September 2025

	Notes	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Fixed assets			
Goodwill		**14.3**	14.3
Other intangible assets		**41.5**	44.7
Social housing properties	9	**9,011.0**	8,883.7
Investment properties		**182.8**	194.2
Non-housing fixed assets		**30.0**	30.0
Interests in JCEAs		**295.1**	286.4
Other fixed asset investments		**14.8**	15.1
		9,589.5	9,468.4
Current assets			
Stock	10	**407.7**	400.3
Debtors: amounts falling due within one year		**124.7**	126.8
Debtors: amounts falling due after one year		**97.6**	108.5
Current asset investments		**57.3**	59.1
Cash and cash equivalents		**64.8**	101.9
		752.1	796.6
Current liabilities			
Creditors: amounts falling due within one year	11	**(375.1)**	(389.8)
Net current assets		**377.0**	406.8
Total assets less current liabilities		**9,966.5**	9,875.2
Creditors: amounts falling due after one year	11	**(7,043.4)**	(7,039.3)
Provisions for liabilities and charges	15	**(75.3)**	(78.3)
Total net assets		**2,847.8**	2,757.6
Capital and reserves			
Non-equity share capital		**-**	-
Cash flow hedge reserve		**(25.5)**	(22.2)
Income and expenditure reserve		**2,872.4**	2,778.9
Restricted reserve		**0.9**	0.9
Total capital and reserves		**2,847.8**	2,757.6

The financial statements were approved by the Board and were signed on its behalf by:

Jock Lennox	Mark Hattersley	Louise Hyde
Group Chair	Group Chief Financial Officer	Company Secretary

17 December 2025

Group Statement of Changes in Capital and Reserves for the half year ended 30 September 2025

	Non-equity share capital £m	Cash flow hedge reserve £m	Income and expenditure reserve £m	Restricted reserve £m	Total capital and reserves £m
At 31 March 2024	-	(55.2)	2,689.0	0.9	**2,634.7**
Surplus for the year ending 31 March 2025	-	-	82.1	-	**82.1**
Other comprehensive income for the year	-	33.0	7.8	-	**40.8**
At 31 March 2025	-	(22.2)	2,778.9	0.9	**2,757.6**
Surplus for the half year ending 30 September 2025	-	-	93.3	-	**93.3**
Other comprehensive income for the period	-	(3.3)	0.2	-	**(3.1)**
At 30 September 2025	**-**	**(25.5)**	**2,872.4**	**0.9**	**2,847.8**

At 31 March 2024	-	(55.2)	2,689.0	0.9	2,634.7
Surplus for the half year ending 30 September 2024	-	-	68.0	-	68.0
Other comprehensive income for the period	-	-	4.0	-	4.0
At 30 September 2024	**-**	**(55.2)**	**2,761.0**	**0.9**	**2,706.7**

Group Statement of Cash Flows for the half year ended 30 September 2025

	Half year ended 30 September 2025		Half year ended 30 September 2024		Year ended 31 March 2025	
	Reviewed		Reviewed		Audited	
	£m	**£m**	£m	£m	£m	£m
Surplus for the period		**93.3**		68.0		82.1
Adjustment for working capital movements						
(Increase)/decrease in stock	**(4.5)**		37.9		58.1	
(Increase)/decrease in operating debtors	**(7.1)**		(11.6)		11.0	
(Decrease)/increase in operating creditors	**(24.8)**		2.8		24.4	
Pension expense in excess of contributions	**-**		1.3		1.4	
Pension cessation receipts	**-**		15.6		15.6	
Pension cessation payments	**-**		(8.1)		(8.1)	
Payments to settle other provisions	**(2.1)**		(0.1)		(0.3)	
	(38.5)		37.8		102.1	
Adjustment for non-cash items						
Amortisation of government grants	**(11.7)**		(11.6)		(25.9)	
Deferred tax credit	**(4.9)**		(3.2)		(7.0)	
Amortisation of intangible assets	**5.7**		7.6		15.1	
Depreciation charge	**67.9**		67.9		140.6	
Impairment charge	**9.5**		1.5		21.2	
Loss/(gain) on revaluation of investment properties	**4.3**		(2.1)		(1.1)	
Building safety and remediation provisions recognised (non-capital element)	**1.5**		-		12.4	
Other non-cash increase in provisions	**2.0**		0.2		0.7	
	74.3		60.3		156.0	
Adjustment for financing or investment activities						
Surplus on disposal of properties	**(36.1)**		(19.6)		(43.6)	
Deficit on disposal of other fixed assets	**-**		-		0.9	
Share of surplus of JCEAs (excluding impairment)	**(0.1)**		(2.8)		(4.8)	
Net financing costs (excluding impairment)	**69.9**		78.3		153.6	
	33.7		55.9		106.1	
Net cash from operating activities		**162.8**		222.0		446.3
Cash flows from investing activities						
Net proceeds from disposal of properties and other fixed assets	**94.0**		83.5		129.5	
Interest received	**14.7**		15.3		30.6	
Acquisition of intangible assets	**(2.5)**		(0.7)		(3.5)	
Investment in social housing properties	**(263.0)**		(201.5)		(429.6)	
Acquisition of non-housing fixed assets	**(3.0)**		(5.9)		(11.2)	
Investment in JCEAs	**(9.0)**		(13.7)		(68.2)	
Distributions from JCEAs	**0.1**		4.6		7.5	
Decrease in other fixed asset investments	**0.3**		0.1		(4.6)	
Decrease/(increase) in current asset investments	**1.8**		(0.1)		0.8	
Social housing and other property grants received (net)	**57.6**		69.0		108.7	
Repayment of Recycled Capital Grant Fund	**-**		-		(0.4)	
Net cash from investing activities		**(109.0)**		(49.4)		(240.4)
Cash flows from financing activities						
Interest paid	**(98.2)**		(99.0)		(203.8)	
Net borrowing/(repayment of) of loans and bonds (notional)	**7.3**		(11.0)		19.3	
Discount on bond issues	**-**		(3.3)		(3.3)	
Capital transaction costs paid	**-**		(1.2)		(1.8)	
Payment of finance lease capital	**-**		-		(0.2)	
Net cash from financing activities		**(90.9)**		(114.5)		(189.8)
Net (decrease)/increase in cash and cash equivalents		**(37.1)**		58.1		16.1
Cash and cash equivalents at 1 April		**101.9**		85.8		85.8
Cash and cash equivalents at the end of the period		**64.8**		143.9		101.9

See note 12 for the reconciliation of net debt.

Notes to the Financial Statements for the half year ended 30 September 2025

1. Accounting policies

These interim financial statements have been prepared using accounting policies consistent with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (September 2024) ("FRS 102") and the Housing SORP 2018: Statement of Recommended Practice for Social Housing Providers ("the SORP") and in accordance with FRS 104 Interim Financial Reporting (September 2024) ("FRS 104"); recent amendments made to FRS 102 and FRS 104, as a result of Periodic Review 2024, are not currently mandatory and have not been early-adopted.

The accounting policies and presentation followed in these interim financial statements is materially the same as that applied in the Group's latest audited annual financial statements. Significant judgements, estimates and methods of computation are also materially consistent. These condensed interim financial statements should therefore be read in conjunction with the annual financial statements for the year ended 31 March 2025.

The financial information contained in these interim financial statements does not constitute statutory financial statements as defined by the Co-operative and Community Benefit Societies Act 2014. A copy of the statutory financial statements for the year ended 31 March 2025 has been delivered to the Registrar of Mutual Societies. The auditor reported on those financial statements: their report was unqualified and had no matters on which to report by exception.

Going concern

The Board, after reviewing the Group's latest forecast for 2025/26, budget for 2026/27, and its long-term financial plan ("LTFP"), is of the opinion that the Group has adequate resources to continue to meet its liabilities over the period of at least 12 months from the date of approval of these interim financial statements.

The most recent LTFP was approved by Board in May 2025 and presents a financially robust plan, emphasising the Group's resilience amid sustained political and economic uncertainty, high inflation, and regulatory and operational pressures shared across the sector. The LTFP projects a strong financial outlook with sufficient funding in place and maintains compliance with the most stringent financial banking covenant requirements.

Rigorous stress testing is carried out based on single and multi-variate scenarios linked to the latest Group risk register. The impact on cash, covenants, and security, when faced with plausible cyclical and long-term economic and business risks, has been measured. A worst-case "perfect storm" scenario is also modelled and mitigating actions identified to ensure compliance with all loan covenants, restoring financial viability.

Consequently, the Board is confident that the Group will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these interim financial statements and therefore has prepared these interim financial statements on a going concern basis.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

2. Significant judgements and accounting estimates

The preparation of a condensed set of financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an on-going basis. The nature of estimation means that actual outcomes could differ.

The significant judgements and estimates made by management in preparing these condensed financial statements are principally the same as those applied to the Group's consolidated financial statements for the year ended 31 March 2025. However, in the case of investment property and defined benefit pension valuations, a higher level of estimation has been employed in preparing these condensed financial statements. The use of a higher level of estimation is in accordance with FRS 104 and is not expected to result in a material difference.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next financial year:

1 <u>The useful economic lives ("UELs") of rental-only social housing properties.</u>

The Group believes that the UELs used are reasonable based on its experience. The most material assumptions are the UELs of rental-only social housing property components: these were reviewed in detail in 2025, with the input of the Group's repairs and maintenance staff, and by benchmarking against the UELs disclosed by other English Registered Providers. A further sense check was completed during the previous financial year, which included a review against expected asset service lives.

Structure	100 years
Bathrooms	30-35 years
Boilers	15 years
Other heating	25-30 years
Doors	30-35 years
Electrics	30-35 years
Energy efficiency	30 years
External works	30 years
Fire safety	5-15 years
Kitchens	20-25 years
Lifts	15-25 years
Mechanical systems	20 years
Roofs – flat	15-25 years
Roofs – pitched	50-60 years
Windows	30-35 years
Other	5-25 years

Using these UELs, the accumulated depreciation at the reporting date was £1,579.3 million. Were each of the UELs shorter by one year, this figure would be approximately £1,630.1 million, reducing the net book value of social housing properties by £50.8 million.

Conversely, included in liabilities is £2,411.4 million of social housing and other property grants. As their amortisation rate is generally matched to the UEL of the structure component, a reduction of one year would have reduced the liability by £4.5 million, leading to a net reduction in assets of £46.3 million (1.6% of net assets).

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

2. Significant judgements and accounting estimates (continued)

Accounting estimates (continued)

2 The valuation of residential investment properties.

At the reporting date, the Group holds £139.4 million of residential investment properties, all of which were valued by Jones Lang LaSalle.

The most significant assumptions made for the properties valued by Jones Lang LaSalle are:

• Vacant possession values: a 10% fall in these would reduce the value of these properties by £10.6 million;

• Market rents: a 10% fall in these would reduce the value of these properties by £5.6 million; and

• Discount rates: 7.25% has been used; increasing this by 0.5% would reduce the value of these properties by £2.5 million.

3 The fair value of derivative financial instruments.

At the reporting date, the Group has a £26.0 million net liability in respect of interest rate swaps. These have been valued using discounted cash flow models, for which the main assumption is the interest rate yield curve used.

The curve used has been based on external market data at the reporting date, including Bank of England forecasts, plus an appropriate credit spread, giving a range of 3.54% to 4.56%. Decreasing this curve by 100 basis points would increase the net liability by £56.4 million (2.0% of net assets).

Note: as most of the Group's derivatives are accounted for as cash flow hedges, almost all of the in-year impact of any change would be included in other comprehensive income, depending on the effectiveness of the hedging relationship.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

2. Significant judgements and accounting estimates (continued)

Accounting estimates (continued)

4 The valuation of defined benefit pension scheme obligations.

Asset values at 30 September 2025 were provided by the schemes' administrators. The liability at 30 September 2025 for the much-larger Clarion Housing Group Pension Scheme has been estimated by using the projected unit method to roll forward the results of the 31 March 2024 FRS 102 valuation; for the smaller Downland Housing Group Pension & Assurance Scheme, the liability at 30 September 2025 has been estimated by using approximate actuarial techniques to roll forward the triennial valuation as at 31 March 2023.

A number of critical underlying assumptions are made when measuring a defined benefit obligation, including standard rates of inflation, mortality, discount rates and the anticipation of future salary levels.

The assumptions used have been set by independent actuaries and then reviewed and signed off by management.

Using sensitivity analysis which the Clarion Housing Group Pension Scheme's actuary has provided, the estimated combined impact of changing the material assumptions would be as follows:

• Decreasing the discount rate by 0.1% would increase the obligation by £3.1 million;

• Increasing the pension increase assumption by 0.1% would increase the obligation by £3.1 million;
and

• Increasing the assumed life expectancy by 1 year would increase the obligation by £6.1 million.

Note: as these are changes in actuarial assumptions, almost all of the in-year impact of any change would be included in other comprehensive income.

5 The recoverability of current tenant arrears.

Included in 'Rent and service charges debtors' is £73.7 million which relates to current tenants. Excluding amounts covered by Housing Benefit or Universal Credit (which is expected to be received directly from the government) and also amounts owed by tenants who are freeholders or leaseholders (as larger arrears, such as for their share of communal repairs, may be secured against the properties they own) leaves £57.6 million to provide against.

Based on a review of the movement in the amounts owed in the past year, the Group has determined that a provision of 51% is required, or £29.4 million.

A 1% increase in the provision rate would increase the provision by £0.6 million.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

2. Significant judgements and accounting estimates (continued)

Accounting estimates (continued)

6 The valuation of stock.

At the reporting date, the Group holds £130.1 million of social stock, which is net of £5.6 million of impairment. Based on the sales margins in the year, this stock value would generate £136.9 million of sales. Therefore, it is estimated that for the impairment of this stock to be materially increased, sales values would need to drop by around 21% in the following year - such a significant fall is highly unlikely.

The Group also holds £277.6 million of non-social stock, which is net of £3.1 million of impairment. For these properties the most significant assumptions, and their sensitivities as per the 30 September 2025 impairment review, are sales income and build costs:

• a 5% fall in future open market sales proceeds would increase the impairment by £5.4 million; and

• a 5% fall in future open market sales proceeds combined with a 5% increase in the cost of completing these properties would increase the impairment by £11.1 million.

7 The cost of building safety and remediation works provided for.

The Group has a £29.5 million provision for building safety and remediation work at the reporting date, based on the estimated cost of the scope of works understood to be required at the reporting date. As the work is carried out, this scope may increase or decrease, and the final cost of the works will become clearer.

Contract or tender pricing has been used where this is available; where unavailable, the forecast has been compiled internally using average price information. For the building safety provision, the cost is limited to the work expected on the external wall system as this is, by far, expected to be the most significant obligation for the Group. For the Lewisham site remediation provision, not all impacted shared owners had communicated by the reporting date whether they wished to have their property bought back, or to be temporarily decanted during the works, and so their decision has been assumed in these cases.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

3. Units managed and/or owned

	At 1 April 2025	Adjustments	Units developed or newly-built units acquired	Units sold or demolished	Transfers to other Registered Providers	Other movements	**At 30 September 2025**
Units managed							
Social housing							
Social rent	73,309	(2)	84	(62)	(470)	8	**72,867**
Affordable rent	15,178	(1)	236	(1)	(96)	(16)	**15,300**
General needs	88,487	(3)	320	(63)	(566)	(8)	**88,167**
Supported	867	2	-	(5)	(20)	(30)	**814**
Housing for older people	6,159	(1)	-	(37)	-	(3)	**6,118**
Shared ownership	11,541	1	191	(36)	(140)	(48)	**11,509**
Care homes	12	-	-	-	-	-	**12**
Intermediate rent	457	-	-	-	-	-	**457**
Keyworker	940	(1)	-	-	-	(3)	**936**
Leaseholders	10,252	2	-	(5)	(7)	59	**10,301**
Staff accommodation	81	(21)	-	-	-	(1)	**59**
Social homes managed	**118,796**	**(21)**	**511**	**(146)**	**(733)**	**(34)**	**118,373**
Non-social housing							
Market rent	785	15	-	-	(38)	(10)	**752**
Leaseholders	5,081	15	2	-	-	4	**5,102**
Homes managed	**124,662**	**9**	**513**	**(146)**	**(771)**	**(40)**	**124,227**
Non-housing							
Garages and car parking spaces	10,198	(32)	-	(97)	-	-	**10,069**
Commercial leaseholders	354	14	-	-	-	-	**368**
Community centres	57	-	-	-	-	-	**57**
Units managed	**135,271**	**(9)**	**513**	**(243)**	**(771)**	**(40)**	**134,721**
The figures above include							
Social housing	158	-	-	-	-	(37)	**121**
Non-social housing	1,243	-	-	-	-	-	**1,243**
Non-housing	10	-	-	-	-	-	**10**
Units managed but not owned	**1,411**	**-**	**-**	**-**	**-**	**(37)**	**1,374**

All Supported and Housing for Older People units are used for social rent.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

3. Units managed and/or owned (continued)

	At 1 April 2025	Adjustments	Units developed or newly-built units acquired	Units sold or demolished	Transfers to other Registered Providers	Other movements	**At 30 September 2025**
Units owned but not managed							
Social housing	791	-	-	-	(14)	(1)	**776**
Non-social housing	2,006	9	-	(131)	-	1	**1,885**
Non-housing	9	-	-	-	-	-	**9**
Units owned but not managed	**2,806**	**9**	**-**	**(131)**	**(14)**	**-**	**2,670**

4. Turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit

4a. Particulars of turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit

	Half year ended 30 September 2025 Reviewed					Half year ended 30 September 2024 Reviewed	
	Turnover £m	**Cost of sales £m**	**Operating costs (incl. pension cessations) £m**	**Surplus on disposal £m**	**Operating surplus/ (deficit) £m**	Turnover £m	Operating surplus/ (deficit) £m
Social housing activities							
Social housing lettings (note 4b)	**441.6**	**-**	**(304.4)**	**-**	**137.2**	422.0	123.5
Shared ownership first tranche sales	**30.1**	**(28.5)**	**(0.1)**	**-**	**1.5**	47.0	4.3
Other social housing activities							
Care and support services	**6.2**	**-**	**(3.5)**	**-**	**2.7**	6.5	2.1
Social homeowners	**14.6**	**-**	**(11.9)**	**-**	**2.7**	10.9	(1.2)
Development costs not capitalised / written off	**1.7**	**-**	**(4.4)**	**-**	**(2.7)**	-	(3.0)
Impairment of social housing properties under development	**-**	**-**	**(9.6)**	**-**	**(9.6)**	-	(3.2)
Community investment	**1.0**	**-**	**(7.7)**	**-**	**(6.7)**	0.9	(6.2)
Pension cessations	**-**	**-**	**-**	**-**	**-**	-	(1.3)
Other	**1.7**	**-**	**(3.0)**	**-**	**(1.3)**	1.7	(1.5)
Total	**25.2**	**-**	**(40.1)**	**-**	**(14.9)**	20.0	(14.3)
Disposal of social housing properties	**-**	**-**	**-**	**36.1**	**36.1**	-	19.1
Total social housing activities	**496.9**	**(28.5)**	**(344.6)**	**36.1**	**159.9**	489.0	132.6

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

4. Turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit (continued)

4a. Particulars of turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit (continued)

	Half year ended 30 September 2025 Reviewed					Half year ended 30 September 2024 Reviewed	
	Turnover £m	**Cost of sales £m**	**Operating costs (incl. pension cessations) £m**	**Surplus on disposal £m**	**Operating surplus/ (deficit) £m**	Turnover £m	Operating surplus £m
Non-social housing activities							
Property sales							
Open market sales	**13.0**	**(14.3)**	**(2.1)**	**-**	**(3.4)**	41.2	(1.1)
Other non-social housing activities							
Market rent lettings	**5.2**	**-**	**(2.3)**	**-**	**2.9**	5.3	3.3
Garage lettings	**1.3**	**-**	**(0.6)**	**-**	**0.7**	1.3	0.7
Commercial lettings	**1.8**	**-**	**(1.0)**	**-**	**0.8**	1.8	0.8
Other	**3.7**	**-**	**(1.8)**	**-**	**1.9**	3.2	1.1
Total	**12.0**	**-**	**(5.7)**	**-**	**6.3**	11.6	5.9
Disposal of investment properties	**-**	**-**	**-**	**-**	**-**	-	0.5
Total non-social housing activities	**25.0**	**(14.3)**	**(7.8)**	**-**	**2.9**	52.8	5.3
Total social and non-social housing activities	**521.9**	**(42.8)**	**(352.4)**	**36.1**	**162.8**	541.8	137.9

Turnover includes £2.6 million of grant relating to leaseholder cladding (30 September 2024: £nil).

	Half year ended 30 September 2025 Reviewed					Half year ended 30 September 2024 Reviewed	
	Turnover £m	**Cost of sales £m**	**Operating costs £m**	**Surplus on disposal £m**	**Operating surplus £m**	Turnover £m	Operating surplus £m
Analysis of disposals							
Social housing properties	***94.6***	***(53.0)***	***(5.5)***	**36.1**	**36.1**	*85.0*	19.1
Investment properties	***5.2***	***(5.2)***	**-**	**-**	**-**	2.5	0.5

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

4. Turnover, cost of sales, operating costs (including pension cessations), surplus on disposal of properties and operating surplus/deficit (continued)

4b. Particulars of income and expenditure from social housing lettings

	General needs housing £m	Supported housing/ housing for older people £m	Shared ownership accom-modation £m	Other £m	Half year ended 30 September 2025 Reviewed Total £m	Half year ended 30 September 2024 Reviewed Total £m
Income						
Rent receivable net of identifiable service charges	339.0	20.1	34.5	7.7	**401.3**	387.8
Service charge income	14.5	5.5	6.9	0.9	**27.8**	22.1
Amortisation of government grants	10.3	0.5	0.7	0.2	**11.7**	11.6
Other income	0.2	-	0.6	-	**0.8**	0.5
Turnover from social housing lettings	**364.0**	**26.1**	**42.7**	**8.8**	**441.6**	422.0
Expenditure						
Management	(54.9)	(3.2)	(6.1)	(1.5)	**(65.7)**	(60.5)
Service charge costs	(21.0)	(5.9)	(8.5)	(1.0)	**(36.4)**	(32.9)
Routine maintenance	(80.9)	(5.8)	(0.3)	(1.4)	**(88.4)**	(89.5)
Planned maintenance	(33.9)	(1.1)	(0.1)	(0.6)	**(35.7)**	(36.9)
Major works expensed	(7.8)	(0.3)	-	(0.2)	**(8.3)**	(9.4)
Bad debts	(3.5)	(0.5)	(0.7)	(0.1)	**(4.8)**	(3.8)
Depreciation of social housing properties	(60.1)	(3.8)	-	(1.0)	**(64.9)**	(64.0)
Social housing leased-in	(0.1)	-	-	-	**(0.1)**	(0.1)
Other costs	(0.1)	-	-	-	**(0.1)**	(1.4)
Operating costs on social housing lettings	**(262.3)**	**(20.6)**	**(15.7)**	**(5.8)**	**(304.4)**	(298.5)
Operating surplus on social housing lettings	**101.7**	**5.5**	**27.0**	**3.0**	**137.2**	123.5
Void losses	**5.3**	**1.2**	**-**	**1.3**	**7.8**	8.6

Other includes intermediate rent, keyworker and temporary social units.

Void losses represent rent and service charge income lost as a result of an available-for-letting property not being let.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

5. Interest receivable

	Half year ended 30 September 2025	Half year ended 30 September 2024
	Reviewed	Reviewed
	£m	£m
Interest receivable on bank deposits	**2.5**	3.4
Interest receivable on derivatives	**0.9**	3.4
Interest receivable on finance leases	**0.1**	0.1
Interest receivable from JCEAs	**11.1**	8.1
Interest receivable relating to pensions in surplus	**0.2**	0.2
Other interest receivable	**0.1**	0.3
	14.9	15.5

6. Interest payable and financing costs

	Half year ended 30 September 2025	Half year ended 30 September 2024
	Reviewed	Reviewed
	£m	£m
Interest payable on loans	**30.5**	39.2
Interest payable on bonds and similar instruments	**62.1**	60.1
Interest payable on derivatives	**2.6**	1.7
Interest payable on finance leases	**0.3**	0.3
Interest payable relating to pensions	**1.1**	1.1
Other interest payable	**0.9**	1.2
Other charges	**2.9**	2.9
	100.4	106.5
Interest payable capitalised	**(13.6)**	(13.3)
	86.8	93.2

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

7. Movement in fair value of financial instruments

Included in income and expenditure	Half year ended 30 September 2025 Reviewed £m	Half year ended 30 September 2024 Reviewed £m
Fair value gains on		
Derivatives treated as fair value hedging instruments	1.6	1.2
Derivatives treated as cash flow hedging instruments - ineffective	2.2	-
	3.8	1.2
Fair value losses on		
Borrowings treated as fair value hedging items	(1.5)	(1.2)
Derivatives treated as cash flow hedging instruments - ineffective	-	(0.3)
Amortisation of cash flow hedge reserve relating to a prematured derivative	(0.3)	(0.3)
	(1.8)	(1.8)
	2.0	(0.6)

Included in other comprehensive income	Half year ended 30 September 2025 Reviewed £m	Half year ended 30 September 2024 Reviewed £m
Fair value gains on		
Derivatives treated as cash flow hedging instruments - effective	0.9	-
Amortisation of cash flow hedge reserve relating to a prematured derivative	0.3	0.3
	1.2	0.3
Fair value losses on		
Derivatives treated as cash flow hedging instruments - effective	(4.5)	(0.3)
	(3.3)	-

See note 14 for an explanation of the Group's hedging activities.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

8. Taxation

	Half year ended 30 September 2025 Reviewed £m	Half year ended 30 September 2024 Reviewed £m
Recognised in income and expenditure	**(4.9)**	(3.2)

The tax credit for the Group for the period is less than 25% (30 September 2024: less than 25%), the main rate of corporation tax in the UK. The differences are explained below:

Reconciliation of tax recognised in income and expenditure	**Half year ended 30 September 2025 Reviewed £m**	Half year ended 30 September 2024 Reviewed £m
Surplus on ordinary activities before taxation	**88.4**	64.8
Tax charge at 25% (30 September 2024: 25%)	**22.1**	16.2
Effects of:		
Charitable surpluses not taxed	**(29.7)**	(20.0)
Expenses not deductible for tax purposes	**1.6**	-
Gift Aid expected to be paid in following 15 months	**(0.2)**	(0.3)
Deferred tax asset not recognised on losses carried forward	**1.0**	1.4
Other non-material differences	**0.3**	(0.5)
	(4.9)	(3.2)

The impairment of certain intra-Group loans and investments is not deductible for tax purposes.

9. Social housing properties

	Completed		Under construction		
	Rental-only £m	Shared ownership £m	Rental-only £m	Shared ownership £m	Total £m
Cost					
At 1 April 2025	8,241.7	1,538.0	441.9	217.5	**10,439.1**
Construction/redevelopment of properties	-	-	143.3	67.5	**210.8**
Works to completed properties	54.0	-	-	-	**54.0**
Properties completing construction	98.4	35.1	(98.4)	(35.1)	**-**
Transfers from investment properties	1.9	-	-	-	**1.9**
Transfers to stock	-	(0.1)	-	-	**(0.1)**
Components replaced	(5.4)	-	-	-	**(5.4)**
Transfers to other Registered Providers ("RPs")	(50.8)	(9.1)	-	-	**(59.9)**
Other disposals / write-offs	(6.5)	(11.5)	-	-	**(18.0)**
At 30 September 2025	**8,333.3**	**1,552.4**	**486.8**	**249.9**	**10,622.4**
Depreciation and impairment					
At 1 April 2025	(1,532.5)	(14.7)	(6.1)	(2.1)	**(1,555.4)**
Depreciation charge for the period	(64.9)	-	-	-	**(64.9)**
Impairment charge for the period	-	-	(3.3)	(6.3)	**(9.6)**
Eliminated on components replaced	5.4	-	-	-	**5.4**
Eliminated on transfers to other RPs	11.1	0.3	-	-	**11.4**
Eliminated on other disposals / write-offs	1.6	0.1	-	-	**1.7**
At 30 September 2025	**(1,579.3)**	**(14.3)**	**(9.4)**	**(8.4)**	**(1,611.4)**
Net book value					
At 30 September 2025	**6,754.0**	**1,538.1**	**477.4**	**241.5**	**9,011.0**
Net book value					
At 31 March 2025	6,709.2	1,523.3	435.8	215.4	8,883.7

10. Stock

	Under construction		Completed properties		
	Social £m	Non-social £m	Social £m	Non-social £m	Total £m
At 1 April 2025	94.7	190.2	37.1	78.3	**400.3**
Additions	22.4	21.4	-	-	**43.8**
Impairment reversed	-	-	0.1	0.3	**0.4**
Properties completing construction	(20.8)	(14.1)	20.8	14.1	**-**
Transfer from social housing properties	-	-	0.1	-	**0.1**
Properties sold	-	-	(24.3)	(12.6)	**(36.9)**
At 30 September 2025	**96.3**	**197.5**	**33.8**	**80.1**	**407.7**

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

11. Creditors

	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Debt (see note 12)		
Amounts falling due within one year	**117.8**	112.3
Amounts falling due after one year	**4,520.7**	4,518.2
	4,638.5	4,630.5
Grants (see note 13)		
Amounts falling due within one year	**31.5**	30.3
Amounts falling due after one year	**2,408.6**	2,392.1
	2,440.1	2,422.4
Derivative financial liabilities (see note 14)		
Amounts falling due after one year	**33.5**	34.9
Other creditors		
Amounts falling due within one year	**225.8**	247.2
Amounts falling due after one year	**80.6**	94.1
	306.4	341.3
	7,418.5	7,429.1

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

12. Debt analysis

Debt is repayable as follows:	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Due within one year	**117.8**	112.3
Due between one and two years	**64.5**	58.8
Due between two and five years	**568.2**	551.5
Due after more than five years	**3,888.0**	3,907.9
	4,638.5	4,630.5

The Group's funding is provided by the following entities, through a mixture of facilities which are drawn as follows. Additionally, there are a number of accounting adjustments to these notional amounts.

	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Notional amounts drawn		
Clarion Funding PLC		
- Note issuance	**2,000.0**	2,000.0
Clarion Treasury Limited		
- Loans	**1,308.9**	1,301.3
Circle Anglia Social Housing PLC		
- Bond issuance	**635.0**	635.0
Affinity Sutton Capital Markets PLC		
- Bond issuance	**500.0**	500.0
Circle Anglia Social Housing 2 PLC		
- Private placement	**150.0**	150.0
Clarion Housing Association Limited		
- Bonds and loans	**-**	0.3
- Finance leases	**5.0**	5.0
Your Lifespace Limited		
- Finance leases	**1.2**	1.2
	4,600.1	4,592.8
Accounting adjustments		
Fair value adjustment due to		
- Acquisitions of legacy Registered Providers	**8.7**	9.2
- Hedging of private placement	**(9.2)**	(10.7)
Effective interest rate adjustment	**38.9**	39.2
	38.4	37.7
	4,638.5	4,630.5

The notional value of the Group's committed debt facilities at 30 September 2025 is £5,652.0 million (31 March 2025: £5,770.1 million).

The Group's facilities are repayable at various dates through to 2057 and are secured by fixed charges over the completed housing properties of the participating Group members and a series of cross guarantees.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

12. Debt analysis (continued)

The fair value adjustment relating to acquisitions is amortised over the life of the related loans and £0.5 million has been released in this period (30 September 2024: £0.5 million). The private placement is held at fair value as a result of hedge accounting and has increased in value by £1.5 million during the period (30 September 2024: increased by £1.2 million).

As at 30 September 2025, the Group's debt has a weighted average maturity of 13.9 years (31 March 2025: 13.9 years) and a weighted average cost of 4.12% (31 March 2025: 4.19%). The weighted average cost during the reporting period was 4.35% (30 September 2024: 4.48%). In order to minimise the Group’s exposure to variable interest rate risk, 88% of the Group's portfolio as at 30 September 2025 is fixed, either directly or as a result of interest-rate swaps which convert variable interest rates to fixed interest rates (31 March 2025: 89%).

Analysis of changes in net debt	**At 1 April 2025 £m**	**Cash flows £m**	**Changes in fair value £m**	**Other non-cash changes £m**	**At 30 September 2025 £m**
Cash and cash equivalents	101.9	(37.1)	-	-	**64.8**
Debt	(4,630.5)	(7.3)	(1.5)	0.8	**(4,638.5)**
Derivatives	(26.2)	-	0.2	-	**(26.0)**
Net debt	**(4,554.8)**	**(44.4)**	**(1.3)**	**0.8**	**(4,599.7)**

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

13. Capital grants

Capital grants	HomeBuy grants £m	Social housing and other property grants £m
At 1 April 2025	8.5	2,396.9
New grant recognised	-	41.0
Amortisation income	-	(11.7)
Recycled on disposals (net of amortisation)	(0.2)	(2.3)
Disposals not required to be recycled	-	(12.5)
At 30 September 2025	**8.3**	**2,411.4**

Amounts falling due within one year	-	23.2
Amounts falling due after one year	8.3	2,388.2
	8.3	**2,411.4**

Recycled Capital Grant Fund	Homes England £m	Greater London Authority £m	Total £m
At 1 April 2025	12.5	4.5	**17.0**
Additions to fund due to disposals	1.5	1.4	**2.9**
Interest accrued	0.3	0.2	**0.5**
At 30 September 2025	**14.3**	**6.1**	**20.4**

Amounts falling due within one year			8.3
Amounts falling due after one year			12.1
			20.4

Amounts three years old or older which may need to be repaid	5.5	-	**5.5**

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

14. Financial instruments

The following financial derivative contracts are in place, all relating to active interest-rate swaps:

	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Notional		
Pay fixed	**827.8**	828.3
Receive fixed	**100.0**	100.0
	927.8	928.3
Fair value		
Pay fixed (asset)	**7.5**	8.7
Pay fixed (liability)	**(24.4)**	(24.2)
Receive fixed (liability)	**(9.1)**	(10.7)
	(26.0)	(26.2)

For those interest-rate swaps where cash flow hedge accounting is used, the net undiscounted cash outflows/(inflows) are expected to occur as follows:

	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Due within one year	**6.4**	4.1
Due between one and two years	**7.9**	6.4
Due between two and five years	**18.0**	17.4
Due after more than five years	**(6.3)**	2.0
	26.0	29.9

In order to better understand the assumptions behind the nature of measuring the fair values of the Group's swap portfolio, the values have been placed into a hierarchy similar to that under IFRS 13.

All of the Group's derivatives at the reporting date are Level 2 (31 March 2025: all are Level 2).

15. Provisions for liabilities and charges

	30 September 2025 Reviewed £m	31 March 2025 Audited £m
Defined benefit pension schemes in deficit	**38.6**	37.8
Building safety and remediation	**29.5**	35.4
Deferred tax liabilities	**1.9**	2.0
Other	**5.3**	3.1
	75.3	78.3

Both of the Group's defined benefit pension schemes were revalued as at 30 September 2025 using approximate actuarial techniques, including updated assumptions on discount and inflation rates, as detailed in note 2.

	Defined benefit pension schemes assets/(liabilities) £m
At 1 April 2025	
Schemes in deficit included in provisions	**(37.8)**
Schemes in surplus included in debtors	**6.5**
	(31.3)
Net movement due to employer contributions, scheme admin expenses and interest income/costs	**(0.9)**
Actuarial gain on pension schemes	**0.2**
At 30 September 2025	**(32.0)**
Schemes in deficit included in provisions	**(38.6)**
Schemes in surplus included in debtors	**6.6**
	(32.0)

The discount rate used to calculate the liabilities of the Group's pension schemes has increased slightly in the period, from between 5.7% and 5.9% at 31 March 2025 to between 5.9% and 6.0%. As a result there is a small actuarial gain for the period.

The £38.6 million liability at 30 September 2025 entirely relates to the Clarion Housing Group Pension Scheme ("the Clarion scheme"), which continues to be the only scheme in deficit on a FRS 102 valuation basis (31 March 2025: £37.8 million).

The Downland Housing Group Pension & Assurance Scheme is in a net surplus position of £6.6 million at the reporting date (31 March 2025: £6.5 million). This surplus continues to be recognised in full as the Group has determined there is an unconditional right to refund based on the scheme's trust deed and rules.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

15. Provisions for liabilities and charges (continued)

The Group is aware of the June 2023 High Court judgement in the case of Virgin Media vs NTL Pension Trustees II Ltd, and that in July 2024 the Court of Appeal dismissed the appeal brought by Virgin Media against aspects of the High Court's decision. These rulings state that certain amendments made to the NTL Pension Plan between April 1997 and April 2016 were invalid because they were not accompanied by the actuarial confirmation required by law. There remains significant uncertainty as to whether this judgement will result in additional liabilities for UK pension schemes - and in June 2025 the Department for Work and Pensions announced the Government will introduce legislation to allow changes to be certified retrospectively. Assuming retrospective certification does not become an option, a detailed review of historic documentation will be needed to determine whether the changes made by the Scheme were valid, and such a review will take some time to complete. As a result, the Group cannot be certain of the potential implications (if any) and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made.

Additionally, the Group was notified in 2021 by the Trustee of the Clarion scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding whether some of these changes were made in accordance with the Trust's governing documentation. The Trustee is seeking clarification from the Court on these items. The case was heard in early 2025 but a judgement is not expected until late 2025 at the earliest. The most recent estimate provided by the scheme's actuary suggested this could potentially increase the value of the scheme's liabilities by around 5%. This is an estimate only and is subject to change depending on the outcome of the court case and more detailed calculations on scheme data. Until the Court's direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The Group has recognised three provisions as a result of constructive obligations created by 30 September 2025.

• Firstly, a £11.8 million building safety provision for works to external wall systems where works had been communicated to residents by 30 September 2025;

• Secondly, a £11.6 million remediation provision for buy-backs, works and associated costs linked to a development in Lewisham which practically completed in 2016; again, the provision is based on communications to the impacted shared owners by the reporting date; and

• Thirdly, a £2.3 million remediation provision for works at a site in Wembley.

The provision reflects the forecast gross cash outflow from the Group. The Group is separately seeking to recover its remediation costs under warranty or through claims against those parties involved in the original development. Where possible the Group will also seek recovery of its building safety provision from developers or through the Government's Cladding Safety Scheme. No recovery income has been recognised by 30 September 2025.

Additionally, the Group has recognised £3.8 million for the cost of completing remediation works at open market sale development schemes.

Notes to the Financial Statements for the half year ended 30 September 2025 (continued)

16. Contingent assets/liabilities

As per note 1 of the financial statements for the year ended 31 March 2025, the original amount of social housing and other property grants may become repayable. In addition to the amounts included in creditors, £456.8 million of grant has been credited to reserves to date through amortisation (31 March 2025: £449.2 million). The timing of any future repayment, if any, is uncertain.

On 27 July 2021, Clarion Housing Association Limited ("the Association") received a letter of claim regarding potential defects in the design and/or construction of a site and buildings sold under a Development and Sale Agreement dated 15 January 2010. In the intervening period, the Association has entered into various Standstill Agreements with relevant parties to protect its position and there has been ongoing communication with the claimant. The latest Standstill Agreement has now expired. Particulars of Claim were received by the Association's lawyers in July 2025 and the Association filed its defence in September 2025. Further responses are awaited from the claimant's experts including structural engineers. Any potential liability which may arise cannot be measured reliably and the timing of any such liability remains uncertain.

17. Capital commitments

	30 September 2025	31 March 2025
	Reviewed	Audited
	£m	£m
Contracted for but not provided for in the financial statements	**985.9**	773.4
Authorised by the Board but not contracted for	**3,493.5**	3,370.8
	4,479.4	4,144.2

These commitments to future capital expenditure relate to the construction of housing properties.

The figures above include £806.4 million (31 March 2025: £803.0 million) for the Group’s share of the capital commitments of its JCEAs.

At the reporting date the Group had £64.8 million of cash and cash equivalents and £1,051.9 million of undrawn funding. Most of the remaining £3,362.7 million is expected to be funded by future surpluses and debt funding, sourced from banks and the debt capital markets. The Group considers this to be a reasonable expectation given its previous success in these markets and its strong, investment-grade credit rating.

The Group has also been allocated grant funding under the Affordable Homes Programme 2021-26. £249 million of grant from Homes England and £278 million from the Greater London Authority, which in total will support the delivery of 4,618 homes.

Additionally, in the year ending 31 March 2026 the Group has budgeted to spend a total of £449.5 million on repairs and/or maintenance (whether capitalised or expensed). This figure includes the cost of external contractors (some of whom may be appointed on multi-year contracts), and related staff and overhead costs. This cost will generally be covered by the rent charged on these properties.

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CLARION
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