

CREDIT OPINION

3 November 2025

Update

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RATINGS

Beyond Housing Limited

| | |
|------------------|-----------------------------|
| Domicile | United Kingdom |
| Long Term Rating | A2 |
| Type | LT Issuer Rating - Dom Curr |
| Outlook | Stable |

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Beyond Housing Limited (UK)

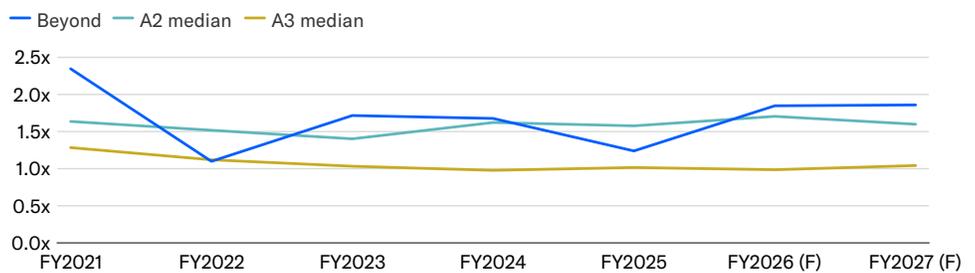
Update to credit analysis

Summary

The credit profile of [Beyond Housing Limited](#) (Beyond, A2 stable) is supported by its ample liquidity, strong interest cover ratios and declining exposure to market sales. It also reflects Beyond's lower profitability than peers. Beyond benefits from the strong regulatory framework governing English HAs and our assessment that there is a strong likelihood that the government of the [UK](#) (Aa3 stable) would intervene in a timely manner to prevent a default.

Exhibit 1

Beyond's social lettings interest cover ratio is stronger than peers despite recent one-off costs
Social Housing Lettings Interest Coverage (x)



(F): forecasts.
Source: *Beyond and Moody's Ratings*

Credit strengths

- » Ample liquidity coverage, reflecting conservative liquidity policies
- » Strong debt and interest coverage metrics
- » Supportive institutional framework in England

Credit challenges

- » Weaker operating performance than peers
- » Moderate development plans with reducing exposure to outright sales

Rating outlook

The stable outlook balances the ongoing de-risking of Beyond's development programme including declining market sales exposure against the risk that persistent cost pressures will result in weaker margins and interest cover metrics than we currently forecast.

Factors that could lead to an upgrade

Upward pressure on Beyond's rating could result from a significant improvement in operating performance, a material reduction in debt or a significant increase in government support for the sector, especially significantly higher levels of capital grants.

Factors that could lead to a downgrade

Downward pressure on Beyond's rating could result from a sustained reduction in operating margins that would weaken interest cover metrics below rating peers. A more rapid debt increase than we currently forecast would also put pressure on the rating. Lower government support for the sector or a dilution of the regulatory framework could also lead to downward pressure on the ratings.

Key indicators

Exhibit 2

| Beyond Housing Limited | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|---------------|---------------|
| | 31-Mar-21 | 31-Mar-22 | 31-Mar-23 | 31-Mar-24 | 31-Mar-25 | 31-Mar-26 (F) | 31-Mar-27 (F) |
| Units under management (no.) | 15,049 | 15,101 | 15,172 | 15,342 | 15,567 | 15,735 | 15,935 |
| Operating margin, before interest (%) | 26.9 | 20.9 | 15.4 | 15.5 | 10.2 | 18.6 | 19.1 |
| Net capital expenditure as % turnover | (7.9) | 29.1 | 13.8 | 33.2 | 14.7 | 24.6 | 21.2 |
| Social housing letting interest coverage (x times) | 2.3 | 1.1 | 1.7 | 1.7 | 1.2 | 1.8 | 1.9 |
| Cash flow volatility interest coverage (x times) | 3.5 | 1.1 | 3.2 | 2.4 | 3.1 | 3.0 | 3.3 |
| Debt to revenues (x times) | 2.7 | 3.1 | 2.6 | 2.9 | 2.8 | 2.9 | 3.0 |
| Debt to assets at cost (%) | 53.1 | 52.1 | 47.6 | 51.7 | 52.6 | 53.5 | 53.8 |

Fiscals 2023, 2024 and 2025 were affected by one-off impairments of £2.7 million, £3.6 million and £4.0 million respectively.

Source: Beyond and Moody's Ratings

Profile

Beyond is a small housing association operating in North Yorkshire and Teesside. It manages approximately 15,600 units. It focuses predominantly on low-risk social housing lettings with a moderate, albeit rapidly declining, exposure to market sales.

Detailed credit considerations

Beyond's A2 ratings combine (1) a Baseline Credit Assessment (BCA) of a3 and (2) a strong likelihood that the UK government would act in a timely manner to prevent a default.

Baseline credit assessment

Strong debt and interest coverage metrics

Beyond has relatively low debt with £286 million in debt drawn as of 31 March 2025, representing 2.8x revenue (A2 peer median: 3.2x). However, its gearing is slightly weaker than peers at 53% in fiscal 2025 (A2 peer median: 48%) because the entities that merged to form Beyond were large scale voluntary transfer (LSVT) HAs.

Low debt levels support stronger social housing lettings interest cover (SHLIC) than peers. While SHLIC was weaker than peers in fiscal 2025 at 1.2x compared to 1.6x for the median of A2-rated peers, it was impacted by one-off costs of £4 million related to a contractor failure in a modular development scheme. The scheme impacted Beyond's financial performance in the last two years but the impact has now fully fed through. As a result, we expect interest cover to recover to 1.8x from fiscal 2026 as the effect of one-off items dissipates.

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The debt structure is simple with limited risks with 9% of the debt maturing within the next five years and 8% of drawn debt at variable rate. We expect debt to slowly increase to 3.0x revenue and 54% of assets in fiscal 2027 driven by the delivery of its development pipeline as well a reduction in market sales, which will slow turnover growth and increase debt funding requirements.

Beyond faces fewer pressures than peers to invest in its existing stock with limited expenditure needs on fire safety and decarbonisation reflecting its proactive approach to completing remedial works. As of fiscal 2025, 86% of its stock was at EPC-C or above compared with a median of 76% across rated UK HAs.

Ample liquidity coverage, reflecting conservative treasury policies

Beyond's liquidity compares favourably to rating peers owing to its conservative liquidity policy. It requires to maintain sufficient liquidity to cover 21 months of spending, stricter than the sector's best practices of 18 months. As of June 2025, Beyond held £70 million in cash and undrawn revolving credit facilities, sufficient to cover 1.5x of projected net cash requirements over the next two years. Beyond also has £45 million in retained bonds, which provides additional liquidity buffers in case of need though we expect Beyond will leave this portion lapse in 2026.

Beyond has good additional borrowing capacity with £168 million in unencumbered assets, enough to cover its net funding needs for the next five years. It has sufficient covenant headroom of 0.8x against its interest cover covenant as of fiscal 2025, after its move to an EBITDA only test.

Supportive institutional framework in England

The sector's credit quality benefits from the strong institutional framework governing English housing associations (HAs) reflected in an Operating Environment score of a2 and a Regulatory Framework score of a1. These scores are assigned at a national level and reflect the following credit considerations:

The regulator maintains strong oversight through quarterly returns, long-term business plans, annual reviews, and regular programmed inspections for HAs with more than 1,000 units. The regulator has a strong track record of intervention in cases of mismanagement or financial stress.

The operating environment for English housing associations is supportive. Demand for social housing is very high and English housing associations retain some expenditure flexibility, with a track record of controlling costs to mitigate lower income. We recently upgraded the score to a2, reflecting recent credit-positive policy announcements that will provide greater revenue certainty and expenditure flexibility to the sector, including a 10-year rent settlement at CPI+1% and more generous funding for new and existing assets.

Weaker operating performance than peers

Beyond's operating performance is weaker than peers with an operating margin of 10% in fiscal 2025 compared to 21% for A2-rated peers, although it would have been 15% excluding one-off costs related to contractor failure. Its margins have declined in the last five years in line with the rest of the sector due to inflationary pressures, a higher volume of repairs and maintenance, increasing regulatory requirements as well as government interventions on rent increases. In addition, Beyond is ramping up sub-contractor usage to address its backlog of repairs, particular on complex damp and mould cases ahead of the introduction of Awaab's Law in October 2025, which we expect will keep its margins low in fiscal 2026.

We forecast a gradual improvement in its operating margin to 21% by fiscal 2028. The improvement will be supported by operational efficiency measures Beyond put in place as well as certainty around inflation-linked rent increases. However, its operating margin will remain below peers due to increasing investment in its existing stock in response to a pick up in its maintenance cycle. Moreover, Beyond has a small exposure to supported housing and extra-care, which typically have lower margins.

Moderate development plans with reduced exposure to outright sales

Beyond reduced its development ambitions and now plans to deliver around 900 units over the next five years (or 6% of existing stock as at fiscal 2025) with a tenure split of 73% social rent and 27% market sales, the majority of which are first-tranche shared ownership sales.

While Beyond has a moderate exposure to market sales with sales amounting to 10% of turnover in fiscal 2025, the Board decided in 2025 to pull back from outright sales. As a result, we expect sales to generate less than 1% of turnover by fiscal 2028 and solely from shared ownership, which we view as a less risky tenure than outright sales. Shared ownership also supports Beyond's overall margin given the relatively high returns they generate.

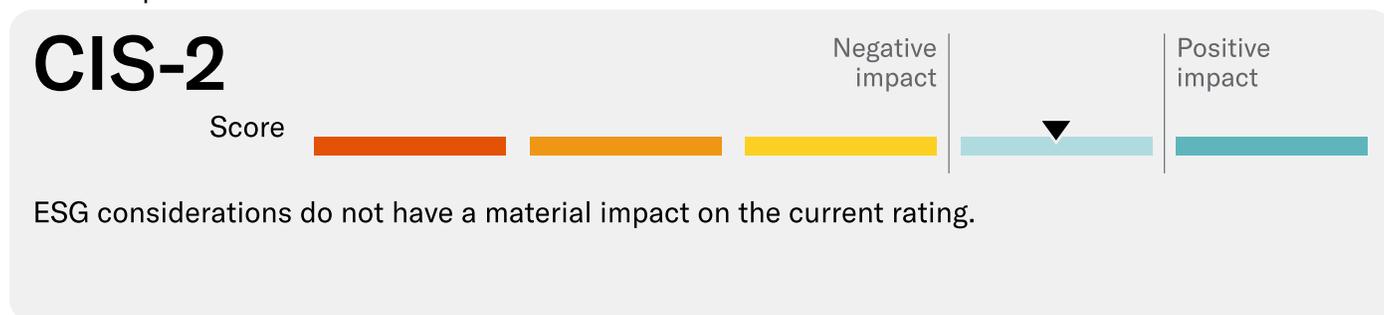
Extraordinary support

The strong level of extraordinary support factored into the rating reflects our view of the UK government's support for the housing association sector due to its political, economic and social importance. Extraordinary support for the sector is predominantly exercised through sector regulators whose wide-ranging powers in cases of financial distress include facilitating mergers. However, this process can be protracted and is reliant on HAs agreeing to merge, which is more challenging in a weakened operating environment, with high expenditure pressures and high borrowing costs. In addition, our assessment that there is a very high default dependence between Beyond and the UK government reflects their strong financial and operational linkages.

ESG considerations

Beyond Housing Limited's ESG credit impact score is CIS-2

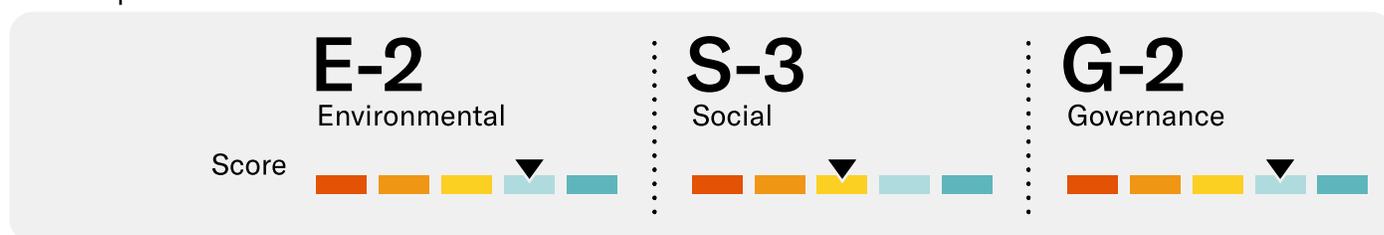
Exhibit 3
ESG credit impact score



Source: Moody's Ratings

ESG considerations have a limited impact on Beyond's rating (CIS-2). Beyond has limited exposure to carbon transition risks as the majority of its stock already meets energy efficiency requirements, and although social risks are prevalent, we consider that Beyond has the ability to effectively mitigate them through its strong governance and management practices.

Exhibit 4
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Beyond has limited exposure to environmental risks (E-2). While English housing associations are required to bring their housing stock to EPC-C by 2035, the vast majority of Beyond's housing stock already meets the required energy efficiency standards.

Social

Beyond has a material exposure to social risks (**S-3**) through sector-wide legislative requirements to improve the safety and quality of existing stock (responsible production risks) and the vulnerability of the sector to tenant affordability considerations through the government's social rent policy. Those risks can materialise in the form of reduced operating margin and interest cover metrics.

Governance

Beyond has limited governance risks (**G-2**) given its sound and prudent risk management framework and practices in line with sector best practices including detailed reporting and a simple organisational structure. The regulatory framework also supports good governance in the sector.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The assigned BCA of a3 is in line with the scorecard-indicated BCA outcome.

The methodologies used in this rating were the [European Social Housing Providers](#) rating methodology, published in July 2024, and the [Government-Related Issuers](#) rating methodology, published in May 2025.

Exhibit 5

Beyond Housing Limited Fiscal 2025

| Beyond Housing Limited | | | |
|--|----------------------|--------|-----------|
| Baseline Credit Assessment | Sub-factor Weighting | Value | Score |
| Factor 1: Institutional Framework | | | |
| Operating Environment | 10% | a | a |
| Regulatory Framework | 10% | a | a |
| Factor 2: Market Position | | | |
| Units Under Management | 10% | 15,567 | baa |
| Factor 3: Financial Performance | | | |
| Operating Margin | 5% | 10.2% | baa |
| Social Housing Letting Interest Coverage | 10% | 1.2x | baa |
| Cash-Flow Volatility Interest Coverage | 10% | 3.1x | aa |
| Factor 4: Debt and Liquidity | | | |
| Debt to Revenue | 5% | 2.8 | a |
| Debt to Assets | 10% | 52.6% | b |
| Liquidity Coverage | 10% | 1.5x | a |
| Factor 5: Management and Governance | | | |
| Financial Management | 10% | baa | baa |
| Investment and Debt Management | 10% | a | a |
| Scorecard - Indicated BCA Outcome | | | a3 |
| Assigned BCA | | | a3 |

Source: Beyond and Moody's Ratings

Ratings

Exhibit 6

| Category | Moody's Rating |
|-------------------------------|----------------|
| BEYOND HOUSING LIMITED | |
| Outlook | Stable |
| Baseline Credit Assessment | a3 |
| Issuer Rating -Dom Curr | A2 |

Senior Secured -Dom Curr
Source: Moody's Ratings

A2

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