

CREDIT OPINION

28 January 2026

Update

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RATINGS

Saxon Weald

Domicile	United Kingdom
Long Term Rating	A3
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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Saxon Weald (UK)

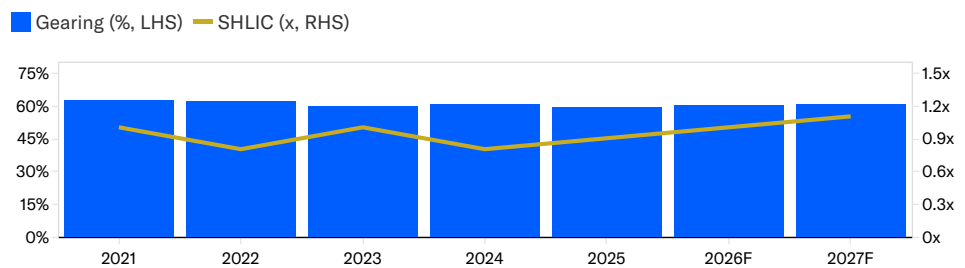
Update to credit analysis

Summary

The credit profile of [Saxon Weald](#) (A3 stable) reflects its robust operating performance, a strong liquidity position with limited treasury risks as well as its low risk appetite given its low exposure to market sales. Those strengths are balanced against its relatively high level of indebtedness and lower interest coverage ratios than peers. Additionally, the credit profile benefits from our assumption of a strong likelihood that the government of the [UK](#) (Aa3 stable) would act in a timely manner to prevent a default.

Exhibit 1

Interest coverage metrics will improve gradually while gearing remains high



Source: Saxon Weald and Moody's Ratings.

Credit strengths

- » Simple debt structure and strong liquidity
- » Stronger margins than peers though spending needs on existing stock is rising
- » Supportive institutional framework in England

Credit challenges

- » Weaker debt and interest coverage metrics than peers

Rating outlook

The stable outlook reflects broadly balanced risks. While operating margins are likely to continue recovering as a result of above inflation rent increases, Saxon Weald still faces significant investment needs in its existing stock in particular to meet EPC targets by 2030. The trajectory of debt is supported by its minimal needs for borrowing.

Factors that could lead to an upgrade

Upward pressure on the ratings could result from a material reduction in debt associated with stronger interest cover metrics, a significant improvement in operating performance 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 the ratings could result from a prolonged weakening in operating performance, debt growing faster than expected or weaker liquidity. 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

Saxon Weald							
	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.)	6,669	6,741	6,809	6,934	6,876	6,884	6,985
Operating margin, before interest (%)	33.3	26.5	22.3	23.8	24.4	26.0	26.1
Net capital expenditure as % turnover	12.8	39.3	34.0	17.2	2.6	51.0	36.7
Social housing letting interest coverage (x times)	1.0	0.8	1.0	0.8	0.9	1.0	1.1
Cash flow volatility interest coverage (x times)	1.4	1.3	1.6	1.5	1.8	1.3	1.6
Debt to revenues (x times)	5.1	5.4	5.3	4.8	4.7	4.7	4.5
Debt to assets at cost (%)	62.2	61.9	59.7	60.4	59.1	60.1	60.4

Fiscal 2023 includes a £4.8 million loan breakage receipt; excluding this one-off revenue, the social housing letting interest coverage would be at 0.7x.

Source: Saxon Weald and Moody's Ratings

Profile

Saxon Weald is a small housing association operating in South East England. It manages approximately 6,900 units. It focuses predominantly on low-risk social housing lettings with a low exposure to market sales.

Detailed credit considerations

Saxon Weald's A3 rating combines (1) its Baseline Credit Assessment (BCA) of baa2 with a strong likelihood that the UK government would act in a timely manner to prevent a default.

Baseline credit assessment

Simple debt structure and strong liquidity

Saxon Weald has a simple debt structure with limited treasury risks. As of March 2025, it had no exposure to variable rate debt and no refinancing needs in the next five years. As such, Saxon Weald has no need for further borrowing for a number of years beyond facilities that are currently arranged. The group has sufficient covenant headroom with 73 basis points of headroom above its tightest interest cover covenant of 1.3x in fiscal 2025.

It also keeps a strong liquidity position with cash and undrawn committed facilities amounting to £64 million as of November 2025. Saxon Weald reduced the size of its RCFs by £20 million during 2025 as past cuts to its development plans have reduced cash needs. Despite this, available liquidity still covers over 1.2x projected net cash requirement over the next two years, which compares favourably to peers.

Stronger margins than peers though spending needs on existing stock is rising

Saxon Weald's margin deteriorated by 9 percentage points over the past five years, due to increased expenditure on its housing stock, which was exacerbated by inflation. However, due to its strong starting point, its operating margin remains stronger than peers, standing at 24% in fiscal 2025 compared to 19% for the median of A3-rated HAs.

We expect that its operating margin will continue to gradually improve, underpinned by above-inflation rent increases and moderating cost inflation. However, Saxon Weald's small size limits the expenditure flexibility it can exercise. Margins will also remain constrained

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by sustained spending on its existing stock. In particular, Saxon Weald faces high retrofitting needs to meet energy efficiency standards. As of November 2025, only 62% of its social housing stock was at EPC-C compared to 78% for the median of rated UK HAs.

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 debt and interest coverage metrics than peers

Saxon Weald's debt metrics are weaker than peers largely due to its history as a large scale voluntary transfer (LSVT) from Horsham District Council. As of FYE 2025, its total outstanding debt was £275 million, equivalent to 4.7x revenue (A3 peer median: 4.6x) and 59% of its assets (A3 peer median: 52%). As a result of its higher indebtedness, Saxon Weald's interest coverage ratio is weaker than peers. Its social housing lettings interest coverage (SHLIC) stood at 0.9x in fiscal 2025, slightly below the A3-rated peers of 1.0x.

We expect debt and interest cover metrics to improve as a result of a significant scaling back of development ambitions. Saxon Weald plans to deliver around 340 units over the next five years or 5% of its existing stock, which is small compared to peers. While we forecast gearing to remain broadly stable at current levels, debt-to-revenue will gradually improve as turnover growth outpaces the increase in debt. We also forecast that SHLIC will improve to 1.1x by fiscal 2028, in line with peers.

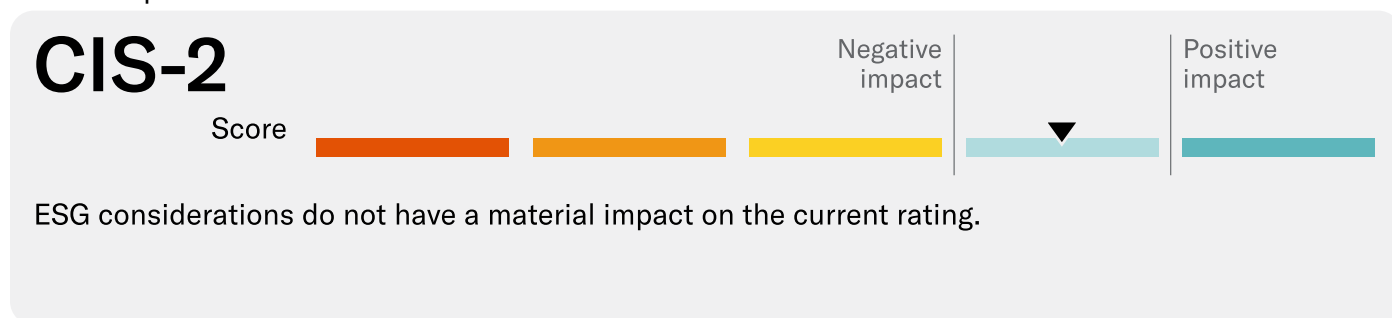
Extraordinary support considerations

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 Saxon Weald and the UK government reflects their strong financial and operational linkages.

ESG considerations

Saxon Weald's ESG credit impact score is CIS-2

Exhibit 3
ESG credit impact score



Source: Moody's Ratings

ESG risks have a limited impact on Saxon Weald's rating (**CIS-2**). Although Saxon Weald has a material level of carbon transition risk, due to a large proportion of its stock requiring retrofit, as well as significant social risks - in line with the rest of the sector - its governance and management is strong and offsets some of these risks. The supportive regulatory framework for the sector also mitigates ESG risks.

Exhibit 4

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Saxon Weald has material exposure to environmental risks (**E-3**) relating to a significant proportion of its stock requiring retrofit to meet energy efficiency standards by 2030 (carbon transition risks), leading to increased expenditure.

Social

Saxon Weald has 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

Saxon Weald 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 Moody's.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 baa2 is in line with the scorecard-indicated outcome in fiscal 2025.

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

Exhibit 5

Saxon Weald

Fiscal 2025

Saxon Weald			
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%	6,876	baa
Factor 3: Financial Performance			
Operating Margin	5%	24.4%	baa
Social Housing Letting Interest Coverage	10%	0.9x	b
Cash-Flow Volatility Interest Coverage	10%	1.8x	baa
Factor 4: Debt and Liquidity			
Debt to Revenue	5%	4.7x	ba
Debt to Assets	10%	59.1%	b
Liquidity Coverage	10%	1.2x	a
Factor 5: Management and Governance			
Financial Management	10%	baa	baa
Investment and Debt Management	10%	a	a
Scorecard - Indicated BCA Outcome			baa2
Assigned BCA			baa2

Source: Saxon Weald and Moody's Ratings

Ratings

Exhibit 6

Category	Moody's Rating
SAXON WEALD	
Outlook	Stable
Baseline Credit Assessment	baa2
Issuer Rating -Dom Curr	A3
SAXON WEALD CAPITAL PLC	
Outlook	Stable
Senior Secured -Dom Curr	A3

Source: Moody's Ratings

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