MOODY'S RATINGS

CREDIT OPINION
16 February 2026

Update

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RATINGS

Riverside Group Limited (The)

Domicile	United Kingdom
Long Term Rating	Baa1
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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Riverside Group (United Kingdom)

Update following rating affirmation, outlook stable

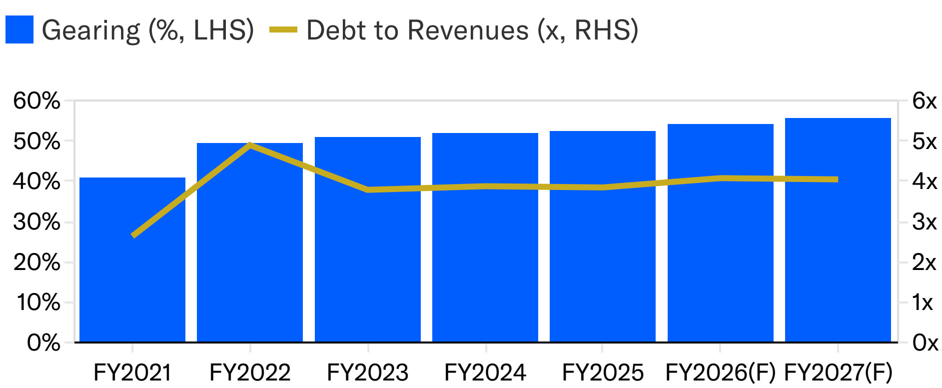
Summary

The credit profile of Riverside Group (Riverside, Baa1 stable) reflects its strong market position, its moderate debt metrics and the supportive institutional framework for English housing associations. It also incorporates its weak financial performance and relatively high treasury risks, including refinancing and covenant risks. The rating also incorporates a strong likelihood that the government of the United Kingdom (UK, Aa3 stable) would act in a timely manner to prevent a default.

Exhibit 1

Riverside's gearing is expected to increase, while debt to revenues remains stronger than peers

Debt (£m, LHS) and gearing (%, RHS), FY2021-2027(F)



F: Forecast. FY2021 (fiscal year ending 31 March 2021) is Riverside only, from FY2022 the figures reflect Riverside post merger with One Housing.
Source: Riverside, Moody's Ratings

Credit Strengths

- Large housing association with nationwide operations and strong management
- Debt to revenue to remain stronger than peers, but gearing will weaken
- Supportive institutional framework in England

Credit Challenges

- Weak financial performance
- Higher treasury risks than peers but decent liquidity

Rating Outlook

The stable outlook reflects our view that Riverside's weak financial performance will gradually improve as its building safety and decarbonisation programmes are completed over the next three to four years, and that its treasury risks will also improve over this period

Factors that Could Lead to an Upgrade

Upward pressure on the ratings could result from a marked improvement in operating performance which could be driven by higher subsidy and/or cost-sharing of building safety and decarbonisation programmes than currently projected, in addition to continued reduction of treasury risks.

Factors that Could Lead to a Downgrade

Downward pressure on the ratings could result from a weakening in financial performance, a ramp-up in risk appetite, including a higher exposure to market sales than the moderate level currently projected, or an increase in indebtedness.. A weakening of the regulatory framework or dilution of the overall level of support from the UK government could also lead to downward pressure on the ratings.

Key Indicators

Exhibit 2

Riverside

	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.)	57,077	75,089	75,088	73,620	73,821	71,498	70,860
Operating margin, before interest (%)	19.8	13.0	5.1	8.6	12.3	12.4	12.8
Net capital expenditure as % turnover	14.7	41.8	44.0	31.4	19.0	37.1	32.3
Social housing letting interest coverage (x times)	1.6	1.0	0.3	0.4	0.5	0.3	0.4
Cash flow volatility interest coverage (x times)	2.7	0.6	1.0	0.6	1.1	0.9	1.3
Debt to revenues (x times)	2.6	4.9	3.8	3.9	3.8	4.0	4.0
Debt to assets at cost (%)	40.6	49.2	50.6	51.6	52.2	53.9	55.3

F: Forecast. FY2021 (fiscal year ending 31 March 2021) is Riverside only, from FY2022 the figures reflect Riverside post merger with One Housing.
Source: Riverside, Moody's Ratings

Profile

Riverside is a large housing association operating across England and Scotland. It manages approximately 74,000 units. Around 81% of its turnover is from social housing lettings, with the remainder from market sales and care and supported housing activities.

Detailed Credit Considerations

On 12 February 2026, Moody's affirmed Riverside Group's BCA and ratings and maintained the stable outlook.

Riverside's rating combines: (1) its Baseline Credit Assessment (BCA) of baa3, and (2) a strong likelihood that the UK government would act in a timely manner to prevent a default.

Baseline Credit Assessment

Large housing association with nationwide operations and strong management

Riverside is one of the largest housing associations (HAs) in the UK with around 74,000 units in FY2025, benefitting from a strong market position. Riverside is politically engaged with dedicated public policy staff.

Riverside's credit quality is also supported by its strong financial management controls. We view Riverside's multivariate stress-tests and tiered mitigation process as more sophisticated than peers. We view this as appropriate considering Riverside's weaker operating performance and higher treasury risks than most rated peers.

Debt to revenues will remain stronger than peers, but gearing will weaken

Riverside's debt will increase to £3.1 billion by FY2028 from £2.6 billion in FY2025 to fund its capital expenditure, including its development programme.

We expect Riverside's debt to revenue to average 4.1x over the next three years - stronger than rated peers, which we expect to have a median of 4.3x over the same period. However, gearing will increase to 56% by FY2028 from 52% in FY2025, above the rated peer median of 50%. This is because revenues will outpace asset growth, due to Riverside's market sales programme.

Net capex will average 31% of turnover over the next three years, and includes the retrofitting of its existing stock. Around 30% of its stock is below EPC C and will need to be retrofitted to this standard or above by 2030. To date it has been successful in securing grant from the Social Housing Decarbonisation Fund, with £36 million received (and £42 million co-funding by Riverside) to retrofit around 3,000 homes starting in April 2025.

Riverside's development programme is quite modest - with around 860 homes to be delivered on average over the next three years (including development in joint ventures). Around half of these are planned to be market sales (shared ownership and outright sales), but most of the outright sales will be within the JVs, which will share the risk with JV counterparties. Riverside's margin on market sales was decent in fiscal 2025, at 15% (excluding JV).

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.

Weak financial performance

Riverside has weak financial performance: delivering a margin of just 12% in fiscal 2025. This is primarily due to its large programme of building safety works, much of which was inherited in its merger with One Housing Group in 2021. Riverside estimates these works will cost around £258 million to fiscal 2028. However, the total net cost of this programme to Riverside is uncertain - it is likely to receive government grants for a significant portion of this cost through the Cladding Safety Scheme. We also expect that Riverside will receive some contributions towards this cost from the original contractors of the buildings. Its weak margin is also reflected in a very weak social housing lettings interest coverage (SHLIC) metric, which was 0.5x in fiscal 2025, much lower than the rated peer median of 1.1x. At present Riverside estimates limited recovery in its margin and SHLIC over the next two years, as its building safety programme is completed. However, if the net cost is materially lower than currently planned - as explained above - then performance will be stronger.

Riverside's cash flow volatility interest coverage (CVIC) increased to 1.1x in FY2025 from 0.6x the year before, but is still weaker than the peer median of 1.5x. We expect CVIC to remain weaker than peers but improve over the medium term, averaging 1.2x over the next three years. Cash flow from operations is expected to improve because of above inflation rent increases and market sales. Market sales are expected to average 8% of turnover over the next three years (or 17% including joint ventures) - a moderate exposure.

Higher treasury risks than peers but decent liquidity

Riverside's treasury risks relate to its high proportion of debt maturing over the next five years - due to its reliance on short-term bank facilities - and tight covenant headroom. Around 35% of its drawn debt matures over the next five years, and despite a switch to EBITDA-only from EBITDA MRI and a harmonisation of covenant calculations, the covenant headroom on interest covers remains tight. We capture those higher risks than peers in our assessment of its investment and debt strategy at ba.

Otherwise Riverside has a low level of variable rate debt after hedging - at 13% of total drawn debt as of September 2025, and a large portfolio of unencumbered assets.

Riverside plans to continue to redeem early small loans and to decrease the number of lenders and reduce short-term refinancing risk.

Riverside's has a strong liquidity position as of March 2025 at 1.3x its two year net cash needs, above its treasury policy which requires immediately available liquidity to meet cash requirements for the next 18 months.

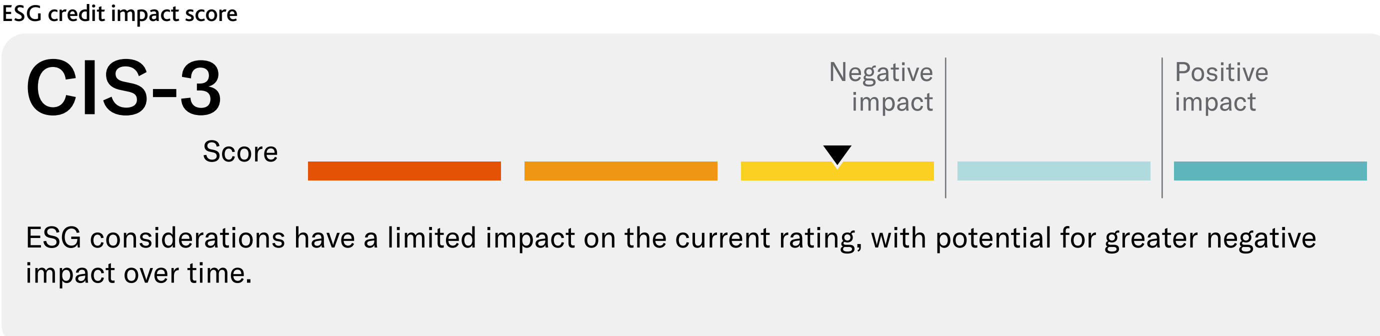
Extraordinary Support Considerations

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 Riverside and the UK government reflects their strong financial and operational linkages.

ESG considerations

Riverside Group Limited (The)'s ESG credit impact score is CIS-3

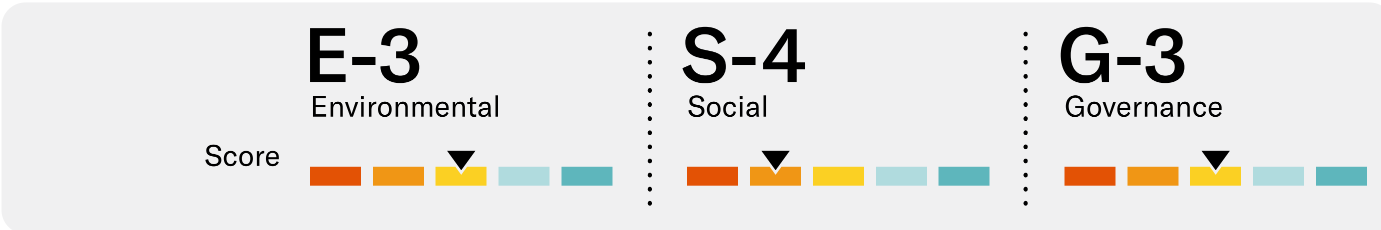
Exhibit 3
ESG credit impact score



Source: Moody's Ratings

Riverside's **CIS-3** reflects our view that ESG risks have a materially negative impact on its rating. In particular, expenditure requirements related to the carbon transition and building safety will weaken margins and increase financing needs, as well as affordability constraints for low-income tenants. Its riskier debt structure than peers also weakens its credit quality.

Exhibit 4
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Riverside has a 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

Riverside is highly exposed to social risks (**S-4**) through sector-wide legislative requirements to improve the safety and quality of existing stock (responsible production risks) for which Riverside has considerable expenditure requirements which will weigh on its margins and interest coverage over the medium term. Riverside is also vulnerable to tenant affordability considerations through the government's social rent policy. Riverside also has a significant care and support business, which generates lower margins, and is exposed to cost pressures from its ability to recruit skilled staff.

Governance

Riverside has higher governance risks than most of the sector (**G-3**) due to a debt structure that is riskier than is the norm for the sector, inherited from the merger with One Housing Group. Besides, Riverside has a more complex group structure than peers, mostly inherited from One Housing Group. The HA is looking at simplifying both. Somewhat counterbalancing these risks, we view Riverside's management as strong and experienced, with sound policies.

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 baa3 is one notch lower than the scorecard-indicated BCA outcome of baa2 in FY2025.

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

Exhibit 5

Fiscal 2025 scorecard

Riverside			
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%	73,821	aa
Factor 3: Financial Performance			
Operating Margin	5%	12.3%	baa
Social Housing Letting Interest Coverage	10%	0.5x	b
Cash-Flow Volatility Interest Coverage	10%	1.1x	baa
Factor 4: Debt and Liquidity			
Debt to Revenue	5%	3.8x	baa
Debt to Assets	10%	52.2%	b
Liquidity Coverage	10%	1.3x	a
Factor 5: Management and Governance			
Financial Management	10%	baa	baa
Investment and Debt Management	10%	ba	ba
Scorecard - Indicated BCA Outcome			**baa2**
Assigned BCA			**baa3**

Source: Riverside, Moody's Ratings

Ratings

Exhibit 6

Category	Moody's Rating
RIVERSIDE GROUP LIMITED (THE)	
Outlook	Stable
Baseline Credit Assessment	baa3
Issuer Rating -Dom Curr	Baa1
RIVERSIDE FINANCE PLC	
Outlook	Stable
Senior Secured -Dom Curr	Baa1

Source: Moody's Ratings

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