

RATING ACTION COMMENTARY**Fitch Affirms Metropolitan Thames Valley Housing Group at 'A-'; Outlooks Stable**

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Fitch Ratings - London - 26 Sep 2025: Fitch Ratings has affirmed Metropolitan Thames Valley Housing Group's (MTVH) Long-Term Issuer Default Rating (IDR) at 'A-' and Short-Term IDR at 'F1'. The Outlook on the Long-Term IDR is Stable. The full list of rating actions appears below.

The affirmation reflects MTVH's stable financial leverage metrics. Fitch views MTVH as a government-related entity (GRE) of the UK (AA-/Stable), which results in our 'Strong Expectations' of support from the state. This, combined with a Standalone Credit Profile (SCP) assessed at 'bbb+', which is four notches below the sovereign rating, leads to a one-notch uplift to arrive at the Long-Term IDR. Continuing high demand for social and affordable housing and ongoing cash flow from rented properties continue to support MTVH's credit, despite a challenging economic environment within the sector.

KEY RATING DRIVERS**Support Score Assessment 'Strong expectations'**

Our 'Strong Expectations' of extraordinary support from the UK to MTVH are underlined in a support score of 20 out of a maximum 60 under Fitch GRE criteria. This reflects a combination of responsibility-to-support and incentive- to-support factors assessment as below.

Responsibility to Support**Decision Making and Oversight 'Strong'**

MTVH is a private, not-for-profit social housing registered provider in the UK. Its structure and status mean there is no legal owner, with all surpluses reinvested to provide social housing. We consider the regulatory framework for English social housing as having a robust legal basis, and the Regulator of Social Housing as maintaining sound

control and tight monitoring of registered providers. The regulator's history of oversight and non-financial intervention in rare cases of distress is a key factor behind the sector's solidity.

Precedents of Support 'Strong'

MTVH receives financial support through varying grants from Homes England and the Greater London Authority for social, affordable and shared ownership development. This is to support additional subsidised housing, not to finance debt or prevent default.

Fitch takes into account the support mechanisms registered providers can benefit from, or have benefited from, via its sponsor, the UK. Policy influence is supportive of the financial stability of registered providers, with few entering financial difficulties and none defaulting. Regulatory restrictions on government support are unlikely to prevent timely intervention in exceptional circumstances.

Incentives to Support

Preservation of Government Policy Role 'Strong'

Social housing is a key public service. We see no immediate impact on the service in case of default, but there would be a medium-term impact on the provision of service as registered providers rely on external financing for their maintenance capex and new investments. Other registered providers could act as substitutes in the unlikely event of financial default, with only temporary disruption to the service and diminished medium-term service provision due to reduced financial resilience and access to finance.

Contagion Risk 'Not Strong Enough'

Default would have a minimal impact on either the availability or cost of domestic financing for the UK. Fitch considers that if a default occurred it would be treated as an isolated case of mismanagement or viability concerns. As a result, this should not affect the sector at large; however, it could call into question the role of the regulator and sponsor.

Standalone Credit Profile

MTVH's 'bbb+' SCP reflects a combination of a 'Stronger' risk profile and a financial profile assessed in the 'bb' category, with forecast leverage of about 14x by financial year to March 2030 (FY25: 15.7x).

Risk Profile: 'Stronger'

Our 'Stronger' risk profile assessment reflects the combination of assessments as below:

Revenue Risk: 'Stronger'

Revenue risk is driven by high demand for social and affordable housing in the UK, and by MTVH's housing provision at market rates in a high-price operating region. MTVH anticipates cross-subsidisation through market and shared ownership sales, which should offer some flexibility on pricing.

Expenditure Risk: 'Stronger'

MTVH's costs are well identified and have low volatility, including reasonable staff costs across operations, at about 30% of operating expenditure, in line with peers. MTVH also has high flexibility on its investment and maintenance programmes. It has new stock compared with sector peers, with over 70% less than 40 years old, and almost 50% less than 20 years old. Newer stocks limit the costs of maintenance required to provide quality housing for tenants. In total, 544 new homes were delivered in FY25 (892 in FY24), including 287 for general needs and 183 shared ownership. MTVH has 4,970 new homes in its five-year pipeline.

Liabilities and Liquidity Risk: 'Stronger'

Our 'Stronger' assessment reflects MTVH's low-risk, long-dated debt portfolio and strong access to finance and liquidity. It has around GBP2.2 billion in debt. It operates in a fully developed financial market with full access to banks, debt capital markets and private placements. Most of its borrowing (about 81%) is at fixed rates, limiting exposure to fluctuations in the capital markets. Overall, MTVH has a strong debt profile with smooth and long-term repayment (average life of debt is greater than six years) with small proportion of short-term debt.

At FYE25, MTVH had GBP690 million (FYE24: GBP807 million) undrawn committed credit lines from revolving credit facilities. It also held around GBP90 million in cash, providing adequate liquidity to support its business plan in the medium term.

Financial Profile 'bb'

MTVH's 'bb' financial profile reflects its robust performance. Net adjusted debt/EBITDA has been increasing in recent years, mainly due to increased non-recurring expenditure related to fire and building safety.

We expect leverage to overall improve over the rating case as more of these costs wane and revenue is realised. However, we expect it to average around 14.2x across the last three years of our rating case. Reduced development across the rating case limits fluctuations in cash flow but also limits EBITDA generation, resulting in high leverage metrics.

We expect MTVH's operating revenue to average about GBP529 million between FY26 and FY30, with EBITDA averaging GBP187 million a year. As a result of MTVH's material capex plan, we expect net adjusted debt/EBITDA to improve towards 14x, in line with peers in the high 'bbb' SCP. In FY25, MTVH had operating revenue of GBP458 million (FY24: GBP421 million), with EBITDA of GBP135 million (FY24: GBP119 million). Net debt at FYE25 was GBP2,121 million (FYE24: GBP1,817 million).

Other Rating Factors

We assess all the asymmetric risk attributes as 'Neutral' due to a strong regulatory framework, transparent reporting of information and a risk-averse debt structure. Debt is mostly fixed rate and vanilla (sterling bonds and bank debt). Governance and management are assessed by the regulator and most registered providers have compliant ratings. They operate under English law, which we consider strong, and their Country Ceiling is 'AAA'. Information quality is strong, with external publications internally and externally audited.

Short-Term Ratings

The 'F1' Short-Term IDR is the higher of two possible outcomes, mapping to the 'A-' Long-Term IDR, reflecting strong liquidity metrics.

PEER ANALYSIS

One of the closest peers for MTVH is Southern Housing, which is of similar size (about 80,000 units) and operates in a similar location. Southern has recently gone through a merger and is facing similar fire safety challenges to MTVH. Both have a 'bbb+' SCP and a Long-Term IDR of 'A-', with Stable Outlook.

Issuer Profile

MTVH is one of the largest registered providers in the UK. It is based primarily in London and the south-east, providing about 57,000 affordable homes.

KEY ASSUMPTIONS

Fitch's rating case is a "through-the-cycle" scenario, which incorporates a combination of revenue, cost and financial risk stresses. It is based on FY21-FY25 historical figures and FY26-FY30 scenario assumptions.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A deterioration of net debt/EBITDA to significantly above 18x on a sustained basis

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- A sustained improvement in net debt/EBITDA below 12x in the medium term

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

References for Substantially Material Source Cited as Key Driver Rating

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Metropolitan Housing Trust Limited				
senior secured	LT	A-	Affirmed	A-
Metropolitan Thames Valley Housing Group	LT IDR	A- Rating Outlook Stable		A- Rating Outlook Stable
	Affirmed			

	ST IDR	F1	Affirmed	F1
	LC LT IDR	A- Rating Outlook Stable		A- Rating Outlook Stable
	Affirmed			
	LC ST IDR	F1	Affirmed	F1
senior unsecured	LT	A-	Affirmed	A-
senior secured	LT	A-	Affirmed	A-

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Public Policy Revenue-Supported Entities Rating Criteria \(pub. 12 Jan 2024\) \(including rating assumption sensitivity\)](#)

[Government-Related Entities Rating Criteria \(pub. 18 Jul 2025\)](#)

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