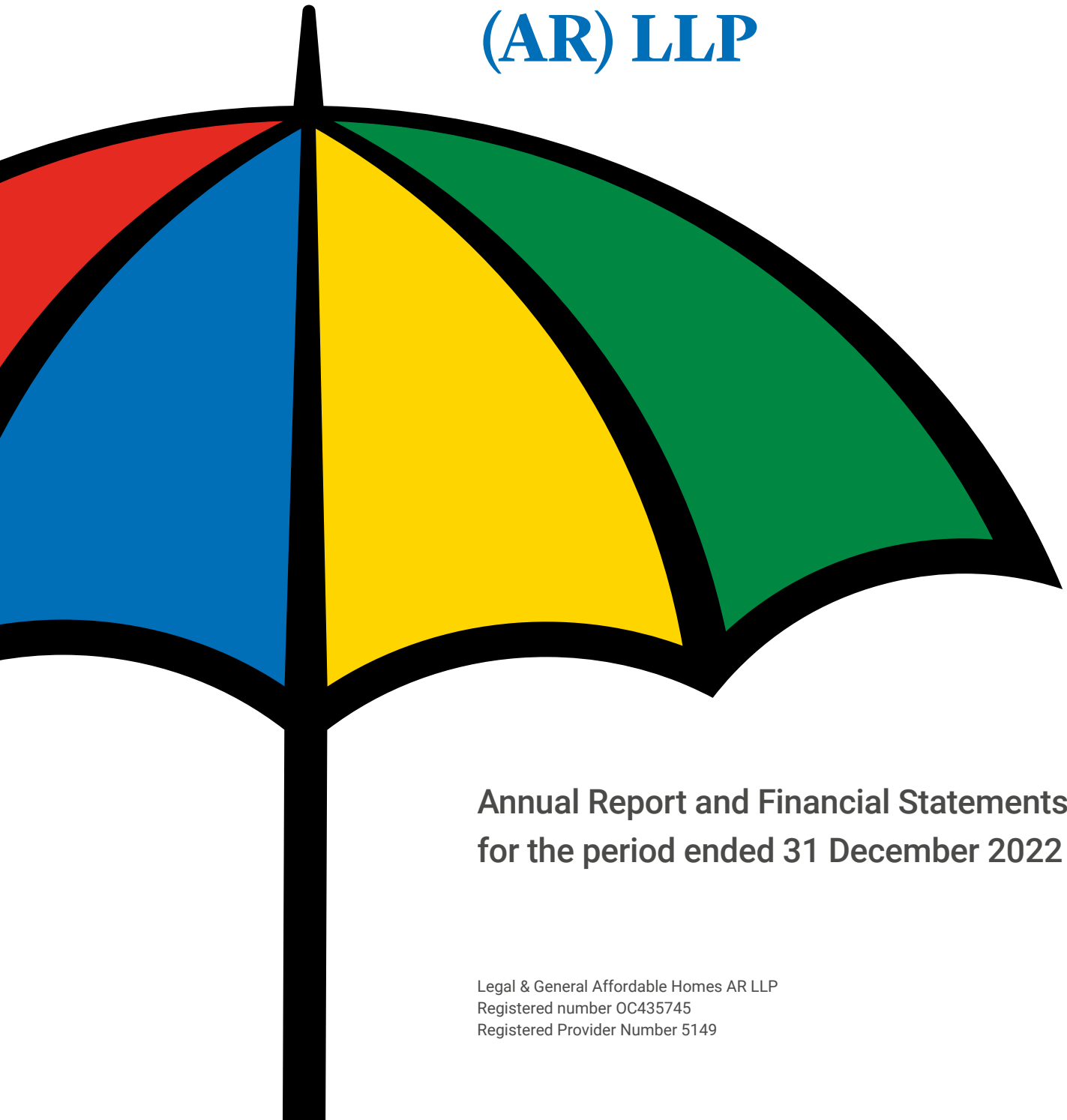




Legal & General Affordable Homes (AR) LLP



Annual Report and Financial Statements
for the period ended 31 December 2022

Legal & General Affordable Homes AR LLP
Registered number OC435745
Registered Provider Number 5149

Board members and advisors at date of approval of the financial statements.

Board members

Ian Graham (Chair)
 Karen Wilson
 Sarah Melinek
 Ben Denton
 Karl Shaw
 Liewen Chan

Independent Statutory Auditor

KPMG LLP
 One Snowhill
 Snow Hill Queensway
 Birmingham
 B4 6GH

Bankers

Barclays Bank PLC
 Churchill Place
 Canary Wharf
 London
 E14 5RB

Legal Advisors

Trowers & Hamlins
 3 Bunhill Row
 London
 EC1Y 8YZ

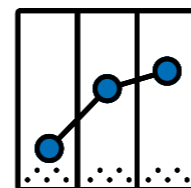
Registered Office

One Coleman Street
 London
 EC2R 5AA

Registration Numbers

Registered in England & Wales No: OC435745
 Registered Provider Number: 5149

Highlights for the year ended 31 December 2022



Operating profit*

£4.1m

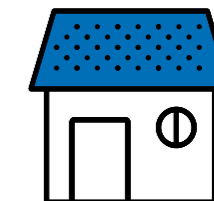
(2021: loss of £0.4m)
 * Before interest and tax



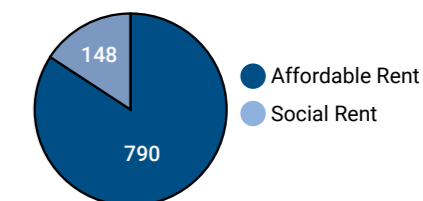
Number of homes*

938

(2021: 411)
 *Units under management



Homes by tenure



Investment property

£172.1m

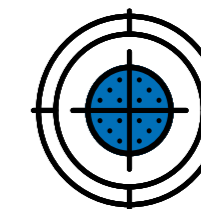
(2021: £76.6m)



Secured homes pipeline*

1,395

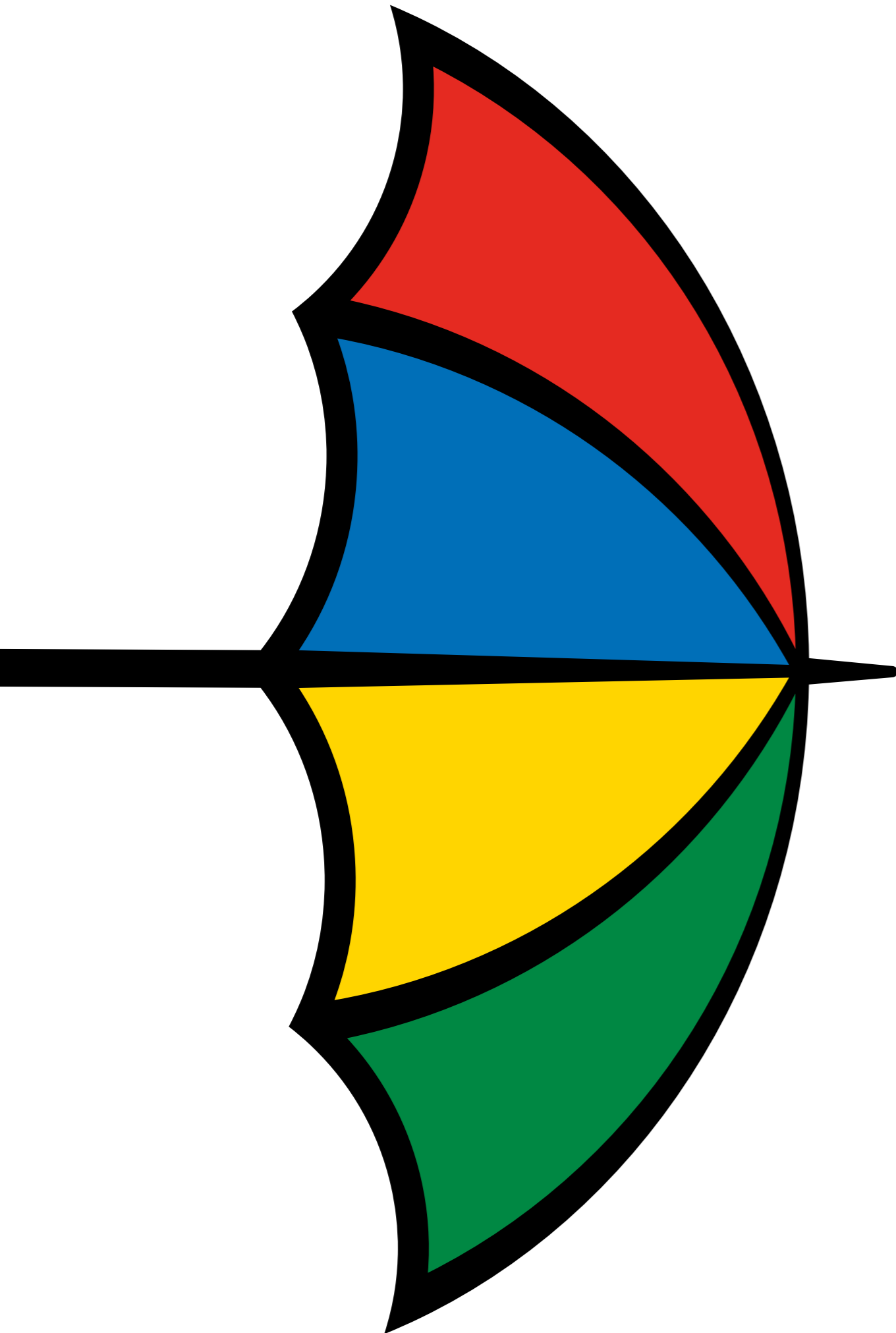
(2021: 1,395)
 *As at 31 December 2022 (including completed units)



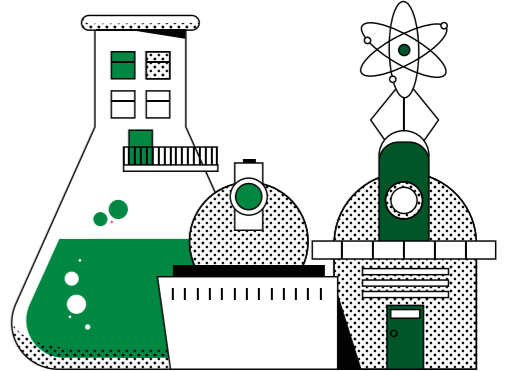
Net Promoter score

59

(2021: 55)



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Chairman's Statement

A passionate team combined with the backing of a trusted brand

In our first full year of operation, we continued to work in partnership with the other Legal & General Affordable Homes entities, completing the acquisition of 527 properties from Legal & General Affordable Homes Limited, taking the LLP to just under 1,000 homes. Once again we were supported with long term funding arranged with Legal & General Assurance Society Limited ("LGAS") for the acquisition.

The year also saw significant market volatility, especially in the latter part of the year, with rapid increases in interest rates by the Bank of England in an attempt to slow the rise in inflation. Government intervened too by capping rent increases for certain properties. The combined effect of these led to a fall in the value of our property portfolio at the end of the year.

Legal & General Affordable Homes publishes an Annual Customer Report on the website, www.legalandgeneral.com/affordable-homes with information about the LLP's properties and customers.



Looking ahead

We updated our 5 year strategy to focus on "Building Better" Technology, Partnerships, Talent and Homes, in support of our mission to become the leading developer and operator of affordable homes in the UK, providing great quality and environmentally sustainable homes that allow our customers to build better futures.



CGI representation of lounge style at Albion Yard



The digitisation of the business through our bespoke Housing Management system continues and, as the portfolio of properties under management increases in scale, we are starting to see the efficiency benefits as well as real-time access to portfolio information and enhancing our customer experience.

We want everyone to have the best customer experience. Through listening to our customers, we learn and then adapt and improve our services. We have exciting plans for 2023 including the launch of a customer website which will support greater self service, the introduction of more customer feedback opportunities, the launch of a new survey - The Tenant Satisfaction Measures, enhancing our repairs service, review of and improvements to our complaints process and driving improvements in the delivery of Management Provider services.

The increased cost of energy and utility bills provides further impetus to strive for high standards of energy efficiency in the homes we acquire from partners.

Our Investment Manager is investing in its people to grow the skills and capabilities required to deliver our vision, mission and strategy, and growing the future skills and capabilities that our business requires to be a digitally enabled market leader.

We aspire to play a leading role in raising service standards whilst increasing the long-term supply of affordable housing and our overall net promoter score amongst new customers rose again to 59 compared to 55 in the prior year. Feedback from customers who have lived in their homes for some time is currently comparable to the wider sector and improving our services through the customer journey is at the centre of our plans for the next twelve months.

Ian Graham
Chairman
22 June 2023

Board Members

In accordance with an LLP Agreement dated 8 December 2021, the Members have appointed a Board (the "Board") to operate the business of the LLP and have the power to make all decisions and take all actions concerning the LLP and its business.

The current members of the Board are as shown below:



Ian Graham | Chairman

Appointed May 2021

Ian is Chair of Legal & General Affordable Homes Limited. Ian was a Partner of leading affordable housing law firm Trowers & Hamlins for 28 years. Ian led the Housing and Regeneration Team at Trowers as well as serving on the firm's board as a Managing Partner. He retired from Trowers in 2018. Ian was a member of the Board of Notting Hill Housing Trust and was also the Chair of Governors at St Paul's Whitechapel and St John's Bethnal Green Primary Schools. He holds an LLB from the University of Southampton and qualified as a solicitor in 1986.



Karen Wilson | Independent Non Executive Board Member

Appointed May 2021

Karen is Chair of the Risk & Audit Committee. Karen was Chief Executive of London and Hertfordshire based Origin Housing Association for over 13 years, managing over 6,000 properties. Prior to Origin, Karen was Operations Director at English Churches Housing Group, Director of Planning & Operations at Metropolitan Housing Partnership and held various housing roles at both the London Borough of Greenwich and Sheffield City Council. Karen previously held non-executive positions at Euston Town Ltd, Placeshapers Ltd and was Vice Chair of Homes Connections Limited. Karen is a Fellow of the Chartered Institute of Housing and has a degree in Geography from Sheffield University.



Sarah Melinek | Independent Non Executive Board Member

Appointed May 2021

Sarah is the Senior Independent Director. Sarah has over 20 years' experience in customer focused roles across the telecommunications, utilities and financial services sectors for organisations serving millions of customers including TalkTalk, The Carphone Warehouse, E.ON and Thames Water. Sarah has expertise as a Consultant and Director in transforming customer experience and customer service, embedding customer needs at the heart of business decision making, reducing customer effort and bringing the voice of the customer into the board room. Sarah has a degree in French and Spanish from the University of Exeter.



Karl Shaw | Board Member

Appointed June 2021

Karl is the Corporate Development Director for Legal & General Retirement. He has a remit of Corporate Finance activities for the division, including the funding of Affordable Housing and other Legal & General businesses. Karl is a qualified actuary who has worked in the life insurance industry for over 25 years, with the majority of that time in various roles at Legal & General. Karl holds a first class degree in Mathematics from Cambridge University.



Ben Denton | Board Member

Appointed May 2021

Ben joined Legal & General from Sovereign Housing Association, the 6th largest housing association in the UK. As Executive Director of Property and Development, he delivered a development programme of 1,300 homes a year, managing an annual budget of c. £250 million. Ben has over 30 years of experience across residential housing, regeneration and real estate. Prior to Sovereign, Ben held the position of Group Director of Strategy and Business Development at house builder Keepmoat, Executive Director of Growth, Planning and Housing at Westminster City Council, was Director of Investment at First Base and was a Director and Executive Consultant for ABROS financial advisory and KPMG. Additionally, Ben was previously Chair at Westminster Community Homes, Deputy Chair of Thames Valley Housing Association. Ben is MRICS qualified from the Royal Institute of Chartered Surveyors, holds a First Class degree in Agriculture from the University of Reading as well as a Diploma in Business Administration from Manchester Business School.



Liewen Chan | Board Member

Appointed February 2023

Liewen is responsible for the management of the investment portfolio and asset structuring for Legal & General Capital (LGC). This includes funding and structuring of affordable housing assets for the Legal & General Retirement business. Liewen joined LGC in 2012 having previously worked in the Legal & General Group as Head of Group Tax. Prior to joining Legal & General, Liewen worked at KPMG as a tax consultant advising various sectors within the financial services industry including insurance, banking and fund management. Liewen is a member of the Chartered Financial Analyst (CFA) Institute and has a First Class Honours Degree and a Masters Degree in Economics from the University of Birmingham.

Simon Century | Director

Appointed February 2021 and resigned February 2023

Strategic Report

Principal activities

Legal & General Affordable Homes (AR) LLP (“the LLP”) is a Registered Provider of social housing for profit.

Review of the business

During the year the LLP took ownership of a further 527 homes. Gross rental income grew to £4.2m (2021: £0.2m) and the LLP reported profits of £2.2m (2021: loss of £0.4m) for the year largely due to having had units under management throughout the year with the LLP having acquired its first units at the end of 2021. The LLP was in a net asset position at 31 December 2022.

The Legal & General Affordable Homes business currently operates through 8 separate entities, all part of Legal & General Group Plc, 5 of which are for profit registered providers with the Regulator of Social Housing:

- Legal & General Affordable Homes Ltd, Legal & General Affordable Homes (AR) LLP, Legal and General Affordable Homes (Development 3) Ltd, Legal & General Affordable Homes (SO) LLP and Legal and General Affordable Homes (Capital) Ltd.

The 3 other, non-registered provider, entities are: Legal & General Affordable Homes (Operations) Ltd, Legal & General Affordable Homes (Development) Ltd and Legal & General Affordable Homes (Development 2) Ltd.

Operational, financing and asset management services are provided to the LLP by Legal & General Affordable Homes (Operations) Limited (the “Investment Manager”) under a long term management agreement.

The LLP is ultimately owned by Legal & General Group Plc (the “Group”).

Principal risks and uncertainties

In meeting its long term objectives the key business risks and uncertainties affecting the LLP are:

- Valuation of its properties
- Ability to source new housing opportunities
- Political changes to the operating environment
- Reputational damage arising from poor performance of the business
- The availability of sources of financing

Statement of internal control

The Board members are ultimately responsible for ensuring the LLP maintains a system of internal control that is appropriate to the various business environments in which it operates. Business risks are identified through a system of continuous monitoring. The risk control framework includes the following key features:

- The Risk and Audit Committee, which is a formal committee of the LLP Board.
- Risk Appetite Statements, which set out the tolerance the business has for identified risks.
- The Legal & General Group internal audit function, which provides independent assurance on the effectiveness of business risk management and the overall operation of our risk framework.
- The Investment Manager, who identifies and evaluates risks to which the LLP may be exposed so that they can be managed in line with risk policies.
- Regular reporting of ongoing and emerging risks, which allows us to assess whether risk positions are within the limits set by the risk appetite.

External Outlook

Headline inflation grew significantly during 2022 due to continued disruption from the aftermath of the COVID-19 pandemic and the war in Ukraine which worsened supply disruptions leading to higher food and energy prices. The resulting increase in the cost of living combined with the response of policy makers in raising interest rates has impacted affordability in the housing sector. This has been most notably evidenced through the fall in property valuations. The economic outlook remains challenging and there is likely to be further downward pressure on property prices.

Commitment to our customers

We want everyone to have the best customer experience. Through listening to our customers, we learn and then adapt and improve our services. Our customers can expect the following:

- a home that is affordable
- better designed homes that are energy efficient, well laid out and provide storage and flexible space
- being responsive in answering queries and problems quickly and aiming to make it easy
- to be kept safe through regular inspection and testing of key equipment and facilities

We undertook the following activities in 2022 to improve customer experience:

1. Development of online customer account
We’ve spent time with customers to understand how we can develop our services online to give the best experience. This has helped us to design online solutions fit for the future. We will be launching these to new customers in 2023 and to everyone else a little later.
2. Increasing the times we ask customers for feedback so we understand how we are performing, where we are doing well and where we can improve
Customer feedback is vital to help us shape our products and services. In 2022, we started a new survey for customers to

report back on how we performed when carrying out repairs in their home. We also worked with our volunteer customer panel and explored what they value most in their home. This will help us to focus on things which customers think are important in a new home.

3. More customers have volunteered to be involved in enhancing our products and services

During 2022 the number of people on our volunteer customer panel increased to around 200 people with the panel helping to shape our products and services.

4. Introduction of a new defect management service to improve the time it takes to resolve reported issues
Our new Aftercare service was launched mid-way through 2022 to look at delays in repairs. This dedicated service is designed to manage repairs and faults experienced by customers within the first 12 months of moving in. In just a few months, Aftercare has improved responses to new repairs and reduced the number of outstanding faults. We know this is really important to our customers and there’s still more work that can be done. We will continue to monitor Aftercare performance during 2023.

During 2023 we will continue to build on the work we have undertaken in 2022 and our plans include the following:

1. Launching a customer website to help make it easier to identify who to talk to about different topics, pay rent online, report and track repairs online as well as ask questions online;
2. Enhancing our repairs service to make every experience a good experience and review the Aftercare repair management service after its first 12 months of operation;
3. Continuing to put customers safety first, including being ready to meet new building standards when they come into effect and ensuring that customers are safe in their homes;
4. Introducing additional customer feedback opportunities including complaint feedback, anniversary surveys and leaving surveys;
5. Introducing a new survey, known as “The Tenant Satisfaction Measures”, which will ask customers about Legal & General Affordable Homes as their landlord and will be an important measure for us to review our own performance;
6. Reviewing and improving our complaints process. This will apply learnings from our complaint handling in 2022 to provide more visibility on who is managing the complaint, speed up response and resolution times and keep customers up to date at all times; and
7. Improving management provider services including response times and standards.

Financial key performance

Please refer to the Value for Money statement section of this report.

NHF Code of Governance

As at 31 December 2022, and for the whole of 2022, the LLP

was fully compliant with the NHF Code of Governance 2020 with the exception of provision 4.5 as the LLP adopts the Legal & General Group Whistleblowing Policy. Although this does not include a route to contact the iNEDs on the board, it is a robust approach to whistleblowing, which is considered an appropriate alternative for the LLP given its ownership by the Legal & General Group.

Governance and Viability Standard

Each year the Regulator of Social Housing requires Registered Providers to assess their compliance with the governance and financial viability standard. The LLP has undertaken an annual review of compliance and the board is assured that the LLP is compliant with the regulatory framework including the governance and financial viability standard and its accompanying code of practice.

Equality and Diversity

We are committed to equality, diversity and inclusion and in 2021 we adopted our Equality and Diversity targets and approved a Board Diversity Statement. Our business, like that of the Legal & General Group more widely, is built on the belief of being economically and socially useful, embracing diversity and being fully inclusive in everything we do.

In engaging our Management Providers, their commitment to equality and inclusion through customer service was part of our selection criteria and is enshrined in the contracts for services that we have with them.

The LLP employs no staff but its Investment Manager employs staff to deliver services to the LLP and therefore the Board will encourage and influence the actions of the Investment Manager to act in accordance with the equality, diversity and inclusion principles set out by the Board.

The Investment Manager reports key diversity metrics to the Board on a regular basis. The reporting provided to the Board for December 2022 demonstrated female headcount being above the 50/50 target and an increase in minority ethnicity by 2.1% over the previous year.

Signed on behalf of the members



Ian Graham
Board Member (Chairman)
22 June 2023

Members' Report

The Members are pleased to present their Report together with the audited financial statements of Legal & General Affordable Homes (AR) LLP (the "LLP") for the period ending 31 December 2022.



The kitchen area shown is a CGI representation taken in an actual 3 bed house at Cottam Gardens

Principal activities

The LLP is a Registered Provider of social housing for profit. The principal activity of the LLP during the year continued to be the provision of social housing through the renting of affordable rented and social rented properties.

Results for the period and allocations to members

The results of the LLP are set out on page 22.

Policy with respect to Members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by Members

Contributions have been made to the capital account in accordance with the Members Agreement dated 8th December 2021. A Member shall not be required to provide any additional Capital Contribution to the LLP beyond its initial Capital Contribution unless otherwise unanimously agreed by the Members.

All the Members subscribe to the LLP by way of an equity contribution of £100 initial capital.

Distribution of profit and losses are made, after repayment of debt, unless they agree otherwise at the time and are credited to the Member's distribution account.

No Member shall have the right to the return of its respective Capital Contribution except in the event of a Termination Event.

Going concern

No material uncertainties that cast significant doubt about the ability of the LLP to continue as a going concern have been identified by the Members.

Units under management

	2022 units	2021 units
Affordable rent	790	351
Social rent	148	60
Total units under management	938	411

Board Members

The Board members, who were in office during the year and up to the date of signing the financial statements are shown below:

Director	Date appointed	Date resigned
Simon Century	27 February 2021	15 February 2023
Ian Graham	13 May 2021	
Karen Wilson	13 May 2021	
Ben Denton	13 May 2021	
Sarah Melinek	13 May 2021	
Karl Shaw	17 June 2021	
Liewen Chan	16 February 2023	

Value for Money Statement

Introduction

Legal & General Affordable Homes' vision is for everyone to have a great quality, environmentally sustainable and affordable home from which they can build better futures. Central to this purpose is the delivery of great quality housing supported by great quality customer and property services thereby delivering high levels of customer satisfaction.

Legal & General Affordable Homes (AR) LLP was formed in 2021 to own and manage rented housing in the affordable housing market. The LLP is part of the family of Registered Providers that make up Legal & General Affordable Homes which has been operating since 2018 and is in a period of significant growth. At the year-ended 31 December 2022 the LLP owned and operated 938 properties being managed via its network of management providers.

Given the growth aspirations, and the ambitions of the organisation overall, the business will assess itself against the median of the sector and the top quartile.

The Organisation

The LLP focusses solely on the acquisition and management of affordable rented housing properties throughout England. It takes limited development risk and typically acquires homes approximately one year after their practical completion and occupation, primarily from its sister company, Legal & General Affordable Homes Limited. The LLP focuses on managing the properties it owns and serving the interests of its customers.

The LLP does not employ its own workforce but utilises the resources of an Investment Manager, Legal & General Affordable Homes (Operations) Limited, under an Investment Management Agreement. The Investment Manager is also owned by the common ultimate shareholder, Legal & General Group.

As part of its role, the Investment Manager oversees the outsourced management providers who deliver services to customers and properties on the LLP's behalf.

Activities undertaken in 2022

At the beginning of 2022, the LLP had 411 properties in operation. In December 2022 the business acquired a further 527 homes from its sister business, Legal & General Affordable Homes Limited. As a result at the end of the year the LLP held 938 homes under management. The transfer timing and materiality relative to the total stock holding had a significant impact on the reported metrics which use the end of year stock position in their computation. A similar impact is likely in 2023 and future years as this reflects the operating model adopted by the business. Supplemental measures will therefore continue to complement the sector standard Value for Money metrics.

How Legal & General Affordable Homes (AR) LLP delivers Value for Money

The principle costs of the business are:

- its financing costs
- its property and customer services management costs
- the fees paid to the Investment Manager

In respect of financing costs, the LLP is financed by the Legal & General Group and in order for the business to be successful and grow, it must deliver fair returns to members and funders whilst delivering a great quality customer service.

In relation to the property and customer management costs, the L&G Affordable Homes business achieves value for money through its relationships with the management provider network that was procured through Legal & General Affordable Homes Limited and which the LLP shares. This network was competitively tendered in 2019. In creating the network, the business was keen to ensure that it secured quality of service at an efficient cost of management. To deliver this aim, a two-stage tender process was adopted where bidders were required to pass through a quality scoring stage before submitting pricing. The business had a great response from the sector with over 130 expressions of interest and 34 final quality submissions received. 24 bidders were then invited to submit pricing before the final providers were selected. This exercise has resulted in the business securing a network of high-quality management providers at competitive prices. The quality of service that the management providers deliver is overseen by the Investment Manager through performance management agreements which require sector leading performance on service delivery and customer feedback metrics.

Additional services provided to the LLP are undertaken by the Investment Manager, under the Investment Management Agreement. The fees for the LLP were reviewed and independently benchmarked in 2021 which confirmed the fee as being fair and comparative to the market. This work was reported to the Board.

A Forward View of Value for Money Performance

The business has sought to establish a benchmark group of organisations in the sector to compare its value for money performance against. A cross section of Registered Providers who were most similar to the LLP were selected for this purpose.

However, having attempted to create a meaningful benchmark group it became evident upon testing comparative performance that the LLP is an almost unique business in the affordable housing sector and that benchmark comparisons yield limited value. This is simply as a result of the LLP still being in its growth phase as a business and its continued evolution, not least the emergence of additional Registered

Providers in the L&G Affordable Homes family of businesses during 2021.

As a result, the attempts to form a benchmark group were halted during 2021 and the Board agreed a further set of value for money metrics, in addition to the mandatory measures, which it began to monitor in 2022. These voluntary measures demonstrate that the LLP is making a substantial impact on the supply of new homes, delivering good levels of product quality with good energy performance helping more people find an affordable home to rent.

Value for Money Metrics

The LLP tracks its performance using financial, operational and strategic metrics as well as specific value for money metrics. These are monitored in line with the Value for Money Standard 2018 as set out by the Regulator of Social Housing. The LLP is consistently seeking to balance the efficiency of its operation with the value it generates for its residents. Therefore, it will always report on customer experience in addition to the required financial metrics in its annual statement. The business uses Net Promoter Score as its core indicator of customer experience and has included it in the reporting for the financial year 2022.

Metric 1 - Reinvestment 2022: 57.4%; Target: 68.6%

This metric looks at the fixed asset investment in properties (existing as well as new supply) as a percentage of the value of total properties held. During the year the investment in properties has grown by £95.5m to £172m. As the business had a comparatively small stock holding at the beginning of 2022, its performance is markedly different from the rest of the sector where businesses typically hold a large existing asset base. Actual reinvestment in 2022 was

behind target due to planned offtakes from Legal & General Affordable Homes Limited taking longer than anticipated to complete.

Metric 2 - New supply delivered 2022: 56.2%; Target: 72.8%

This metric considers the number of new housing units developed in the year as a proportion of total units owned at the end of the year. At the end of 2022 the business owned and managed 938 units. This does not represent new supply as the business typically acquires homes from its sister company, Legal & General Affordable Homes Limited following practical completion and occupation. However, the acquisition of the properties by the LLP provides additional liquidity for Legal & General Affordable Homes Limited to originate the acquisition of new homes. The business focusses solely on delivering affordable rented housing and we have not acquired or delivered any non-social housing units in 2022 and therefore have not reported against part b of this metric.

Metric 3 - Gearing 2022: 46.6%; Target: 45.7%

The LLP funded the acquisition of its 938 homes with contributions from its members. The LGAS contribution is in the form of four loan notes, two with 40 year terms bearing a fixed interest coupon and two with no maturity date or coupon. The gearing metric reported represents the amount of 40 year notes outstanding as a proportion of property value.

* This is based on the 2022 VFM metric release published by the Regulator of Social Housing in May 2022.

2022 Sector Value for Money							
Metric	Description		Median Quartile*	Upper Quartile*	2022 Actual	2022 Target	2023 Target
Mandatory value for money targets							
1	Reinvestment	%	6.5	8.6	57.4	68.6	37.6
2	New supply delivered	%	1.4	2.1	56.2	72.8	32.8
3	Gearing	%	44.1	53.1	46.6	45.7	50.6
4	EBITDA MRI	%	146.0	198.0	165.1	358.3	160.3
5	Headline social housing cost per unit	£000	4.2	5.2	0.9	1.3	1.9
6a	Operating Margin - social housing lettings	%	23.3	28.5	80.9	78.2	76.1
6b	Operating Margin - overall	%	20.5	25.4	72.8	78.2	74.1
7	Return on capital employed	%	3.2	3.9	1.8	2.5	3.5
8	Net Promoter Score		N/A	N/A	+59	+50	+50
Additional value for money targets							
9	More affordable housing	Units	N/A	N/A	N/A	N/A	N/A
10	Product quality	%	N/A	N/A	+53	N/A	+50
11a	Truly affordable homes - market rent	%	N/A	N/A	70.0	<75	<75
11b	Truly affordable homes - local income	%	N/A	N/A	37.0	<35	<35
12	Efficient model of operation	%	N/A	N/A	78.0	76.0	76.0

Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) 2022: 165.1%; Target: 358.3%

This metric measures the level of underlying operating surplus compared to interest payable on the 40 year notes described above. Performance is ahead of the sector median although behind target due to fewer homes being acquired than planned and also due to the 527 homes acquired in 2022 being at the end of the year.

Metric 5 - Headline social housing cost per unit 2022: £850; Target: £1,300

This metric assesses the cost per unit of operating properties under management. The LLP's headline cost per unit benchmarks well to industry peers as a result of the portfolio being predominantly made up of new build housing. It is anticipated that the LLP will have costs lower than the sector median for a number of years to come due to this feature of its portfolio. 2022 cost per unit was ahead of target due to more than half the units of the LLP having transferred to the LLP at the end of the year.

Metric 6a&b - Operating Margin 6a) 2022: 80.9%; Target: 78.2% 6b) 2022: 72.8%; Target: 78.2%

This metric demonstrates the profitability of the operating assets. Metric 6a represents the operating margin on social housing only and 6b takes into account all operating surplus for the year (both excluding revaluation gains/losses). Performance on both metrics is strong and is expected to be maintained.

Metric 7 - Return on capital employed 2022: 1.8%; Target: 2.5%

This metric compares the operating surplus to total assets less current liabilities and is a measure to assess the efficient use of capital. The ROCE for the business is representative of the fact that significant investment is being made in social housing stock to achieve our ambitious targets with revenue not yet fully stabilised. Total assets less current liabilities are taken at the Balance Sheet date of 31st December 2022. This means the return is low compared to established peers who hold and maintain a large standing stock. It is anticipated that the business will perform below the sector norm whilst it continues to grow and it establishes a stock holding commensurate with its peer group. This is reflected in the 2023 target measure.

Metric 8 -Net Promoter Score 2022: +59; Target: +50

Net Promoter Score is calculated based on the question: "On a scale of 0-10, how likely is it that you would recommend us to a friend or colleague?" Based on the scorer a customer selects out of 10, they are categorised as Promoters, (if they score 9 or 10), Passives (if they score 7 or 8) and Detractors (if they score 6 or lower). The overall score is calculated by subtracting the percentage of Detractors from the percentage of Promoters. The LLP uses an independent organisation to

collect all of its customer experience data to ensure neutrality. In any sector a score of +50 and above is deemed to be excellent and the Business is delighted that new customers have consistently scored us high on Net Promoter Score throughout the year.

Even with our strong Net Promoter Score from new customers, we recognise that there is room for improvement. Customers who have lived within their homes for longer are telling us that our service is comparable to the wider sector and that we can improve. This is why in 2022 we launched a new repairs service and we will follow this up in 2023 with the launch of our new website and easier access for all customers to our services. By reviewing all feedback, including customer complaints, we drive continuous improvement in our performance and are committed to delivering sector leading service in all areas.

Metric 9 - More affordable housing in 2022: N/A; Target: N/A

As the business generally acquires properties following on from occupation it does not directly acquire new stock. However, the LLP's activity is significant in supporting its sister company, Legal & General Affordable Homes Limited from which it acquires homes by providing liquidity to allow it to deliver on its aim of being a top 10 provider of affordable housing amongst Registered Providers. Legal & General Affordable Homes Limited was able to achieve this ambitious target in 2022 through its acquisition of 1,363 homes.

Metric 10 – Product Quality 2022: +53; Target: N/A

Product Quality is measured through the Net Promoter Score of new customers rating their home. This reflects customer perception typically prior to homes being transferred to the LLP. Customer satisfaction amongst new customers has improved year upon year and was reported at +53 for 2022. Whilst no target had been set for product quality in 2022 as previously mentioned a score of +50 and above is deemed excellent. Notwithstanding the favourable Net Promoter Score, we continue to work with our volunteer customer panel and suppliers to help shape and improve our product and service offerings. In particular, we are working towards a reduction in the number of post occupation defects in our homes, further helping our customers to have peace of mind as they settle into their new home.

Metric 11 - Truly affordable homes 11a) 2022: 70%; Target: less than 75% 11b) 2022: 37%; Target: less than 35%

This metric measures the affordability of our homes. Metric 11a looks at the average rent charged as a percentage of market rent whilst 11b captures the average rent charged as a percentage of gross local income. For 84% of the homes acquired by the LLP the rent charge cannot exceed 80% of market rent with the remaining 16% being social rent homes where rents are typically charged at 50% or less of market

rent. With an average rent at 70% of market rent the LLP is offering excellent value to its customers.

Despite the LLP offering rents at excellent value its rents as a percentage of gross local income are behind target due exclusively to the growing disparity of market rents to income levels in London and the South East of England.

Metric 12 - Efficient model of operation 2022: 78%; Target: 76%

This metric looks at the gross to net performance of the business which underpins net operating income against which the asset base is valued. The metric reported here is based upon the performance of occupied assets and does not include costs associated with managing empty properties. This provides a better period to period comparison of underlying performance. Overall performance on this metric remains strong and is likely to achieve target. This is as a result of rents being set at or near to their forecast levels at letting and costs being controlled largely through the fixed structure of MP fees at forecast levels.

Statement of members' responsibilities in respect of the Strategic Report, Members' Report and the financial statements

The Members are responsible for preparing the Strategic report, the Members' Report and the LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the LLP financial statements 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.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

The Members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Modern slavery

Legal & General Group Plc and its global subsidiaries ("The Group") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. Legal & General's full slavery statement can be found at www.legalandgeneralgroup.com/.

Statement of disclosure to the Auditor

At the time of approval of this report:

- so far as the Members are aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the Members have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Signed on behalf of the members



Ian Graham
Board Member (Chairman)
22 June 2023

Independent auditor's report to the members of Legal and General Affordable Homes (AR) LLP

Opinion

We have audited the financial statements of Legal and General Affordable Homes (AR) LLP ("the LLP") for the year ended 31 December 2022 which comprise the Balance Sheet, the Income Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the LLP as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the LLP will continue in operation.

Fraud and breaches of laws and regulations – ability to detect.

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Board members and inspection of policy documentation as to the LLP's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the routine, low value nature of rental transactions. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the Board members and other management (as

required by auditing standards), and discussed with the Board members and other management the policies and procedures regarding compliance with laws and regulations.

As the LLP is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Secondly, the LLP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the LLP's license to operate. We identified the following areas as those most likely to have such

an effect: health and safety (including related fire safety and building standards). Auditing standards limit the required audit procedures to enquiry of the Board members and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The members are responsible for the other information, which comprises the Strategic report, Chairman's statement and the Members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

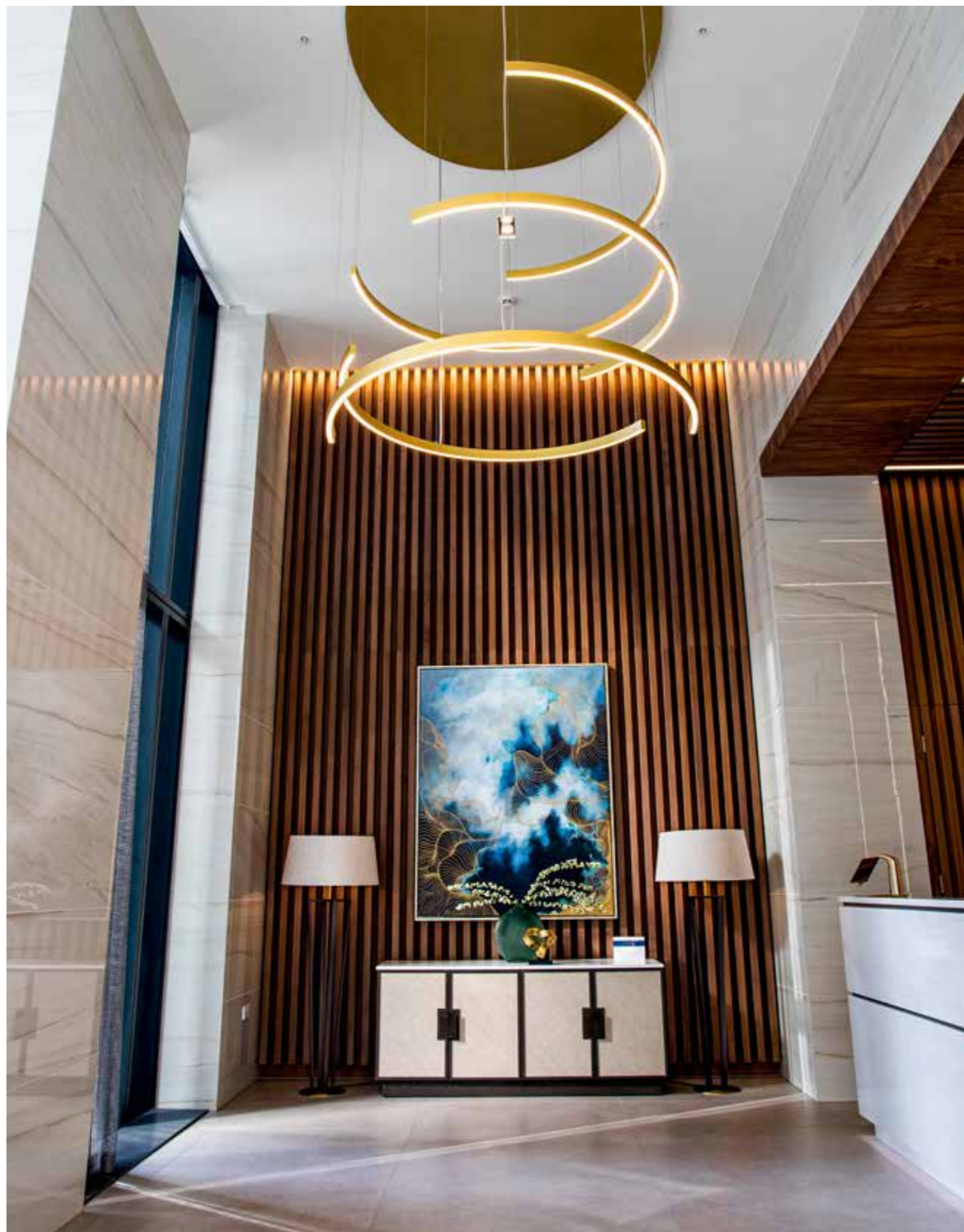
We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 17, the members are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP'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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements



can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's 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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham B4 6GH

28 June 2023

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Income Statement

For the year ended 31 December 2021	Notes	2022 £'000	2021 £'000
Income	3	4,165	213
Operating expenditure		(794)	-
Gross profit		3,371	213
Administrative expenditure	4	(338)	(149)
Other gains/ (losses)	5	1,043	(450)
Operating profit/ (loss) before interest and tax		4,076	(386)
Finance costs		(1,837)	-
Profit/ (loss) for the period before Members' remuneration and profit shares		2,239	(386)
Automatic division of (profit)/ loss		(2,239)	386
Result for the financial period available for discretionary division among Members		-	-

The notes on pages 25 to 29 form an integral part of these financial statements.

There were no gains or losses in the year other than those included in the above Income Statement.

Balance Sheet

For the year ended 31 December 2022	Notes	2022 £'000	2021 £'000
Fixed Assets			
Investment property	7	172,059	76,590
		172,059	76,590
Current assets			
Debtors	8	1,982	213
Cash at bank and in hand		1,395	323
		3,378	536
Creditors: amounts falling due within one year	9	(1,502)	(87)
Net current assets		1,876	449
Creditors: amounts falling due after more than one year	10	(171,200)	(77,038)
Net assets attributable to members		2,735	1
Represented by			
Capital contributions from limited partners (Profit)/Loss for the year		881	(387)
(Profit)/Loss attributable to members		1,854	386
		2,735	(1)
Total Members' Interests			
Amounts due to members		1,854	386
Capital contributions from limited partners		881	(387)
		2,735	(1)

The notes on pages 25 to 29 form an integral part of these financial statements.

The financial statements of Legal & General Affordable Homes (AR) LLP (registration number OC435745) were approved and authorised for issue by the Members and were signed on its behalf by:



Ian Graham
Board Member (Chairman)
22 June 2023

Notes to Financial Statement

1. Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounts are also prepared in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Housing Statement of Recommended Practice 2018 ("SORP"), to the extent that the SORP does not conflict with UK adopted international accounting standards.

The LLP's ultimate parent undertaking, Legal & General Group Plc includes the LLP in its consolidated financial statements. The consolidated financial statements of the Group are available to the public and may be obtained from One Coleman Street, London EC2R 5AA. In these financial statements, the LLP is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Members, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Post-Balance sheet events

Subsequent to the balance sheet date the LLP acquired a further 368 rented properties from its sister company, Legal & General Affordable Homes Limited for total consideration of £74m.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Valuation of investment property. The investment property has been valued by an independent third party valuer, in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards

("The Red Book") and the International Valuation Standard and was arrived at by reference to market transactions for similar properties. Management also consider any special assumptions that are relevant to the particular circumstances, which are then applied to the valuation.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value.

1.2 Going concern

After making enquiries, the Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. The LLP therefore continues to adopt the going concern basis in preparing its financial statements. The LLP has continued to model various scenarios around the impact of macroeconomic challenges faced and is comfortable that there are no significant risks to the business which would impact its ability to continue as a going concern.

The Members have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the LLP will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Members are confident that the LLP will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are designated at initial recognition as a financial liability measured at fair value



through profit or loss as doing so ensures that the measuring of assets and liabilities are undertaken on a consistent basis. Subsequent to initial recognition interest-bearing borrowings continue to be recognised at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the LLP's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Investment property

Under the Housing SORP guidance properties that are held for the provision of social housing must be treated as property, plant and equipment. The LLP recognises its properties as Investment properties, measured at cost on initial recognition and subsequently at fair value as determined by external valuers and derived from current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the Income Statement.

The LLP has deviated from the Housing SORP in treating all properties as Investment Property due to the following reasons:

- The LLP holds its property to earn rentals and for capital appreciation which is the definition of Investment Property under IAS 40.
- The LLP is a for-profit registered provider and so it provides social housing not solely for the purpose of holding it for social benefit, but also with the aim of generating a financial return.
- The accounts are prepared in accordance with the Housing SORP to the extent that the SORP does not conflict with UK adopted international accounting standards.

The intended use of the property is the overriding criteria when determining whether a property is Property, Plant and Equipment or Investment Property. The SORP guidance in this respect has not been followed since it is considered to contradict management's interpretation of IAS 40. The intended use of Investment Properties is to earn profitable rents and/or capital appreciation and therefore the LLP will hold its properties as Investment Property at fair value, with movements recognised through the Income Statement.

1.5 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

1.6 Turnover

Revenue represents social housing related income from lets. Rental income is recognised in the Income Statement for the period that it relates to.

Rental income billing and collection is undertaken on behalf of the LLP by the Legal & General Affordable Homes network of management providers.

1.7 Provisions

A provision is recognised in the balance sheet when the LLP has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.8 Taxation

Tax to be paid on the profits arising in the LLP are tax liabilities that fall due on the Members of the LLP and therefore are not included as a tax charge or provision within these financial statements.

2. Segmental disclosure

The turnover and pre-tax profit is all attributable to the LLP's activities as an owner of affordable housing and arises wholly in the UK.

3. Revenue

	2022 £'000	2021 £'000
Gross rental income	4,165	213
Total income	4,165	213

Net rental income relates to the gross rental income less direct costs (see note 4 below) on properties that had been acquired by the LLP. At the year end 938 homes (2021: 411 homes) were under management.

4. Operating expenditure

	2022 £'000	2021 £'000
Direct costs	794	-
Administrative expenses	338	149
	1,132	149

5. Other gains/ (losses)

	2022 £'000	2021 £'000
Investment Property revaluation loss	(3,311)	(450)
Loan Notes revaluation gain	4,354	-
	1,043	(450)

6. Audit fees

Administration expenses include audit fees of £14,686 (2021: £10,000). During the year the LLP did not obtain any non-audit services from its Auditor (2021: £nil).

7. Investment property

	2022 £'000	2021 £'000
Valuation		
At 1 January	76,590	-
Additions	98,781	77,040
Revaluation	(3,311)	(450)
At 31 December	172,059	76,590
Investment Property by tenure:		
Affordable rent	790	351
Social rent	148	60
At 31 December	938	411

7. Investment Property (continued)

External valuations are carried out by CBRE Limited. Completed assets are held at fair value which is based on the Existing Use Value for Social Housing (EUV-SH). The established method for determining fair value is a discounted cash flow. It allows the valuer to capture explicitly the main variables affecting the letting, management and operatives for each property over the long term. The main inputs and assumptions used relating to the valuation ranged as follows:

	2022 £'000	2021 £'000
Discount rate	5.1% - 7.5%	5.0% - 7.25%
CPI - consumer price index	1.4% - 10.1%	2.0% - 3.1%
RPI - retail price index	2.4% - 12.6%	3.0% - 4.9%
% of gross rent receivable	97.30%	97.30%

A sensitivity analysis was performed as part of the valuation at 31 December 2022 by flexing discount rates, CPI and RPI on the LLP's portfolio. Changes in HPI do not have a significant impact on the fair value of the portfolio and consequently have not been included below.

Significant increases/ (decreases) in the discount rate would result in a significantly lower/ (higher) fair value of the LLP's investment portfolio. As an example, a 0.5% increase in the discount rate range to 5.6% - 8.0% would lead to a £13.8m decrease in the fair value of the same portfolio.

Significant increases/ decreases in RPI and CPI would result in a significantly higher/ (lower) fair value of the LLP's investment portfolio. As an example, a 0.5% increase in each of RPI and CPI would lead to a £19.1m increase in the fair value of the same portfolio.

The LLP has no restrictions on the realisability of its investment properties.

If the investment properties had been accounted for under the historic accounting rules, the properties would have been measured as follows:

	2022 £'000	2021 £'000
Gross historic cost	175,821	77,040
	175,821	77,040

8. Debtors

	2022 £'000	2021 £'000
Prepayments and accrued income	1,281	213
Amounts owed by group undertakings	702	-
	1,982	213

9. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	-	9
Accruals	294	-
Amounts owed to group undertakings	1,208	78
	1,502	87

10. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Loan notes issued	171,200	77,038
	171,200	77,038

11. Capital Contribution

	2022 £'000	2021 £'000
Capital contribution from Members	881	387
	881	387

12. Employees

The LLP had no employees during the period.

13. Board members' emoluments

The executive Board members are not paid to undertake their activities as board members of the LLP and the costs are not paid by the LLP however the costs included below represent a fair allocation of their remuneration in relation to the work they undertake for the LLP.

	2022 £'000	2021 £'000
Simon Century	5	4
Karl Shaw	5	4
Ben Denton	5	4
	15	13

Similarly, payments to non executive Board members are not paid by the LLP but the remuneration relating to their work for the LLP is shown below.

	2022 £'000	2021 £'000
Ian Graham (Chairman)	9	6
Karen Wilson	7	4
Sarah Melinek	7	4
	23	14

14. Ultimate parent undertaking

The LLP's ultimate parent undertaking is Legal & General Group Plc.

The largest and smallest group in which the results of the LLP are consolidated is that headed by the Group, whose registered office address is One Coleman Street, London EC2R 5AA. No other group financial statements include the results of the LLP. The consolidated financial statements of the Group are available to the public and may be obtained from One Coleman Street, London EC2R 5AA.



Registered Office:
One Coleman Street, London, EC2R 5AA

Registered in England & Wales No. OC435745
Registered Provider Number: 5149

