

Legal & General Affordable Homes (AR) LLP



Annual Report and Financial Statements

for the year ended 31 December 2024

Board members and advisors

at date of approval of the financial statements

Board members

Ian Peters (Chair)
Kevin Gould
Sarah Melinek
Kathryn Davis
Ben Denton
Pete Gladwell
Simon Gadd

Independent statutory auditor

KPMG LLP
New King's Court
Suite 6 Tollgate
Chandler's Ford
Eastleigh
SO53 3LG

Banker

Barclays Bank PLC
Churchill Place
Canary Wharf
London
E14 5RB

Legal advisor

Trowers & Hamblins
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 2024

£9.3m

Operating profit*

(2023: profit of £7.8m)

* Before interest and tax



1,306

Number of homes*

(2023: 1,306)

* Units under management



£261.8m

Investment Property

(2023: £246.7m)



1,800

Secured homes pipeline*

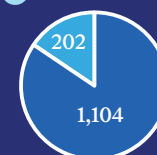
(2023: 1,395)

* As at 31 December 2024
(including completed units)



Homes by tenure

- Affordable rent
- Social rent



+40

Net Promoter score

(2023: 64)





Contents

Annual Report

Chair's Statement	Page 6
Board Members	Page 8
Strategic Report	Page 12
Environmental, Social and Governance Statement	Page 14
Members' Report	Page 16
Independent Auditor's Report	Page 24

Financial Statements

Income Statement	Page 29
Balance Sheet	Page 29
Notes to Financial Statements	Page 30

Chair's Statement

An evolving landscape

There has been a great deal of attention paid to housing over the past year with the focus of the Regulator of Social Housing, Housing Ombudsman and Government being firmly on the performance of the sector and the quality of social housing homes. This provides a real opportunity for the sector to get better and improve its service to customers.

The Legal & General Affordable Homes business operates through 9 for-profit registered providers. As the businesses have a common approach to managing homes and engaging with customers this statement refers to the Legal & General Affordable Homes family of businesses other than where the performance of the LLP is specifically called out.

During the year we made good progress in laying the foundations for delivering better services and engaging more directly with our residents. Importantly we rationalised our management provider network from 13 to 6 as fewer providers with larger portfolios provide better service and value for money. We also rolled out My Brolly, our dedicated customer platform. At the year end 64% of our customers had successfully registered on My Brolly and our expectation is that the majority of remaining customers will be invited to register during 2025 alongside 5 of our management providers being integrated onto the platform. The platform allows us to deliver a more consistent service to our customers.



As well as the formal tenant satisfaction measures we continued to seek feedback from our customers at important stages in the customer journey, through our Customer Voice Panel and an independent survey conducted by the Institute of Customer Service. Residents have told us that we need to improve our services particularly in relation to meeting complaint timescales and the speed and quality of our repair services. We are working with the Customer Voice Panel and our Management providers to enhance these services.



In addition to providing quality homes and good customer service we recognise the continued pressure on household finances and remain committed to supporting our customers through these challenges. We undertake an affordability review to assess the impact of inflation and interest rate changes on our customers. In 2024, this led to the expansion of the criteria for accessing the Customer Support Fund to assist those facing financial hardship, updating of our affordability assessment for new customers and lower rent increases being applied in April 2025 for both renters and shared owners.

Legal & General Affordable Homes publishes an Annual Customer Report and further information about its properties and customers are available in that report. The report can be viewed on the website: www.legalandgeneral.com/affordable-homes.

Leveraging institutional capital to deliver growth

During the year the Legal & General Affordable Homes business set up four new for-profit registered providers which will operate alongside the LLP to deploy institutional capital to support the continued growth of the business.

To support the sourcing and deployment of external institutional capital into the sector the Legal & General Group has successfully raised £510m predominantly from Local Authority pension funds for its affordable housing investment strategy. The funding has been raised across three affordable housing funds, the main fund which has a mandate to invest in homes throughout England, the Northern fund and South-Eastern fund which focus investment into homes in the North and South East of England respectively.

The funds raised are expected to deliver 3,500 - 4,000 homes. This demonstrates strong investor demand for the asset class and an endorsement of the business' expertise and track record in the sector.

I would like to thank the entire Board which has been largely the same throughout the year, together with the team across the Legal & General Group and our management providers.

Despite wider macro-economic and specific sector challenges I am optimistic about the future and our ability to continue to work towards our mission to become a leading private affordable housing provider in the UK.

Ian Peters
Chair

26 June 2025

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 Peters

Chair Appointed January 2024

Ian Peters is Chair of the Legal & General Affordable Homes Registered Providers. In his executive career he gained extensive management expertise in a range of energy and financial service positions. As Chief Executive of British Gas he initiated the roll out of the UK's largest smart meter network and shaped the consumer facing 'Connected Homes' technology including Hive. He held various positions at NatWest including Head of Retail Marketing and Sales.

Ian is also Chair of the UK Health Security Agency, a new government agency responsible for protecting the public from all health hazards including the pandemic, overseeing its creation and restructuring. He chairs a number of small, growth technology, sustainability, and social impact companies and he is a trustee of the Canal & River Trust. He was previously Chair at Bart's Health NHS Trust as well as Vice Chair of the Peabody Trust where he led the merger of Family Mosaic with Peabody to create one of London's largest housing associations.



Kevin Gould

Chair of the Risk & Audit Committee Appointed September 2023

Kevin is a chartered accountant with 30 years' experience in financial services and consulting, focussing on governance, risk, and audit. He worked as Chief Internal Auditor at the International Bank of Qatar and later led Internal Audit's strategic initiatives and support operations at the Royal Bank of Scotland. He now provides consulting and advisory services, primarily relating to sustainability and ESG risk, and is vice chair of the Independent Decision-Making Body of the Bar Standards Board.

Kevin is a non-executive director and Chair of Audit and Risk Committee for both Grand Union Housing Group, a 12,500-home provider, and Look Ahead Care & Support. He is also a member of the Board of Governors at Staffordshire University, where he chairs the Sustainability & Resources Committee. He previously served as a non-executive director at Queen Victoria Hospital NHS Foundation Trust, a Specialist NHS foundation trust, where he also chaired the Audit Committee.



Sarah Melinek

Senior Independent Non Executive Board Member Appointed May 2021

Sarah is an Independent Non-Executive Director and Senior Independent Director of Legal & General Affordable Homes.

Sarah has over 20 years' experience in operational and customer focused roles across the telecommunications, utilities and financial services sectors for organisations serving millions of customers. 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.



Kathryn Davis

**Independent Non Executive Board Member
Appointed September 2023**

Kathryn spent 26 years (17 of them as a corporate/commercial partner) with city law firm Slaughter and May. During her legal career she advised clients from a variety of sectors, primarily FTSE 100/250 companies, across a wide range of practice areas including public and private M&A, commercial contracts, debt financing, equity and debt capital markets, regulatory enquiries, insolvency situations and general corporate advice.

Kathryn was an external member of the University of Oxford's Audit and Scrutiny Committee until January 2025. She was also a non-executive director at the Girls' Day School Trust, a large educational charity and the UK's leading family of 25 independent girls' schools, including two academies between 2015 and 2024. Kathryn became a Trustee and Deputy Chair of World Book Day, a literacy charity in 2025.

Kathryn is a Visiting Senior Fellow in Practice at LSE Law School and also recruits and mentors trainee solicitors on a consultancy basis for innovative legal training provider, Accutrainee. Kathryn was formerly a non-executive director at G15 housing association Metropolitan Thames Valley where she was Chair of Treasury Committee and a member of Group Audit and Risk Committee, roles which she also fulfilled at one of its predecessor organisations, Thames Valley Housing.

Board Members Continued



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 and 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.



Pete Gladwell

Board Member Appointed July 2023

Pete joined Legal & General in 2007, launching a new generation of property funds focussed on liability matching and Defined Contributions pension schemes, and Legal & General's partnerships with NEST and PGGM, which total over £5bn. In 2015, Pete moved to lead Legal & General's investments with the Public Sector – including the Cabinet Office, Combined & Local Authorities, NHS, Housing Associations and Universities – which now total over £6bn.

Pete continues to lead on public sector investments, as part of a broader remit to identify and drive strategic investments and initiatives through which Legal & General can use its resources to benefit society. This includes Legal & General's partnership with Sir Michael Marmot to address health inequality.

Pete holds an MA from Brasenose College, Oxford in Computation, the IMC, and is a Fellow of the Royal Society of the Arts and Honorary Professor at University College London.



Simon Gadd

Board Member Appointed July 2024

Simon is a non-executive director of the Legal & General Affordable Homes Registered Providers. After a 38 year career at Legal & General, Simon now acts as an executive advisor to Legal & General Group Executive team, divisional and subsidiary boards and mentors a range of future leaders.

Simon's many previous roles included Group Climate Change Director, Group Chief Risk Officer from 2013 to 2021, and leading several different businesses within the Legal & General Group, including the Retail Protection business, Group Protection business and as MD of Annuities from 2006 – 2012.

Simon is also a non-executive Director of the Pension Protection Fund.

Strategic Report

For the year ended 31 December 2024

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 did not acquire any further homes although it entered into contracts to acquire 405 homes, increasing its pipeline to 1,800 homes (including completed homes). Revenue grew to £14.1m (2023: £12.3m) and the LLP reported profits of £3.6m (2023: £2.9m) for the year largely due to having held more units under management throughout the year. The LLP had net assets of £9.6m at 31 December 2024 (2023: £6.0m).

The Legal & General Affordable Homes business currently operates through 12 separate entities, 9 of which are for-profit registered providers with the Regulator of Social Housing.

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:

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

Financial key performance indicators

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

External Outlook

The UK economic outlook remains uncertain with the potential for external shocks to impact the economy and markets. Whilst central bank interest rates were cut in 2024 there remains uncertainty around the pace and timing of any further cuts and there is no guarantee of a 'soft landing' for the economy.

Residential property prices remain susceptible to valuation movement should the current economic outlook deteriorate, as well as from a range of geopolitical factors including the ongoing war in Ukraine and the conflict in the Middle East.

The primary impact on the business is likely to be through downward property valuation movements.

Health and Safety

The LLP's health and safety policies demonstrate its commitment to safeguarding residents, employees, contractors and other stakeholders by prioritising fire safety, gas safety, electrical safety and water safety for properties owned or managed by the LLP. The LLP's Investment Manager oversees compliance with relevant applicable regulations and legislation through active management of the management provider network (which delivers services to customers and properties on the LLP's behalf) as it seeks to proactively identify and mitigate health and safety risks.

The LLP's duties are primarily set out in the Fire Safety Regulations 2022, Regulatory Reform (Fire Safety) Order 2005, the Building Safety Act 2022, the Higher Risk Buildings (England) Regulations 2023, and the Health and Safety at Work Act 1974.

The LLP's health and safety policies are intended to:

- Prioritise the safety of residents through proactive management of risks within homes and communal areas where the LLP has an obligation or ability to do so. This includes implementation of regular safety checks for gas appliances, fire systems, electrical wiring, water systems and legionella.
- Ensure compliance with all relevant health and safety legislation including fire safety regulations and building safety standards.
- Provide recognition and support for vulnerable residents and ensure adequate safeguarding measures are in place.
- Provide communication channels for customers and other stakeholders to report safety concerns

During the year the LLP's health and safety policies have been reviewed and updated where applicable. The LLP's Investment Manager also approved and implemented an annual safety training plan for its staff in January 2024 to strengthen and embed the safety culture.

The annual review of the LLP's health and safety system completed by the Investment Manager and presented to the Board in December 2024 provided assurance that health and safety risks were being mitigated through the following activities: pre-acquisition gas quality checks for new homes, application of a comprehensive landlord assurance framework for its management providers, completion of an annual data assurance review of health and safety across all management

providers and receiving an ISO 45001 certification for its overarching health and safety management system.

The LLP takes issues of damp and mould seriously aiming to prevent its occurrence through the design and construction of homes, and to respond immediately and effectively when cases are identified. The organisation ensures compliance with the Safety and Quality Home Standard by triaging all reported cases, prioritising vulnerable residents, and using data and technology to proactively manage and resolve issues.

All Board Members have undertaken health and safety training to ensure they are aware of their health and safety responsibilities, liabilities and obligations.

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 BDO independent assurance programme, which provides independent assurance on the adequacy of internal control arrangements, including risk management and governance.

- The Investment Manager, which 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.

NHF Code of Governance

As at 31 December 2024, and for the whole of 2024, 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 ("RSH") 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. The Board has also concluded that the LLP has complied with the consumer standards as set out by the RSH throughout the year ended 31 December 2024.

Equality and Diversity

The Board adopted an updated Board Diversity Statement in 2024 alongside Equality, Diversity and Inclusion targets

and instructed the Investment Manager to adopt and report on these. These also inform recruitment processes, and the Board frequently discusses diversity. Reporting is regularly presented to the Board as part of the LLP's Performance Report. The Board received an update on the LLP's financial year 2024 Equality, Diversity and Inclusion performance at the February 2025 Board meeting.

The Board is committed to regaining at least 33% female membership and at least one BAME Board Member by 2027.

The Investment Manager, on behalf of the LLP, seeks to liaise with Local Authorities in community areas where it has housing and also where there is seen to be a need for housing or further housing. There is regular communication between the Investment Manager and its appointed Management Providers to ensure the requirements of the Investment Manager are being met and to obtain any 'on the ground' feedback from Management Providers. This communication is essential to the LLP being able to tailor its product and services to the communities it serves.

This report was approved by the Board on 17 June 2025 and signed by order of the Board on 26 June 2025.



Ian Peters
Board Member (Chair)

Environmental, Social, and Governance Statement

Investing for the long term. Our futures depend on it

The idea that capital can generate social benefit alongside sustainable returns for investors has been important to Legal & General Group throughout its history and remains so today. The Group remains committed to realising the positive potential of investment for its clients and customers and the communities in which it undertakes its work. For the Legal & General Affordable Homes business¹ this means a commitment to driving positive change in affordable housing.

Our mission is to become a leading institutional affordable housing provider in the country. The investments that we make to achieve this seek to deliver better outcomes for people and planet, and by enabling society's capital to fund great-quality, sustainable and affordable

homes from which our customers can build better futures, we aim to maximise benefit to society as a whole.

Impact management approach

Legal & General Group launched a place-based Social Impact Toolkit to align the impact measurement approach across its real estate investments. As set out below the foundation of the toolkit is a comprehensive framework based on three core themes: inclusive economy; health, wellbeing and quality of life; and climate and nature.

During 2024 the Legal & General Affordable Homes business' social impact framework was aligned with the Group approach. This has not led to a material change in focus, rather adoption of the toolkit has set out how the business intends to deliver on the

standardised Group level Social Impact Priorities from each of these social impact themes. The evolution of the Legal & General Affordable Homes framework will cover initial investment through the activities and outputs delivered, towards intended outcomes for people, places and the planet.

Social impact performance

The Legal & General Affordable Homes business' impact goal is to increase the provision of high-quality affordable housing and to contribute to improved service standards within the sector. Under the Group's Social Impact Toolkit the business has one core Social Impact Priority and four Secondary Social Impact Priorities:

Core:

- Equity and affordability: contributing to the equity and affordability of local places

Nationally there remains a chronic shortage of affordable housing - the business aims to contribute to the solution by investing in affordable housing in areas of housing need. Despite a challenging macro-economic backdrop, during the year the Legal & General Affordable Homes business proudly took ownership of close to 1,300 new affordable homes. It expects this to be one of the largest increases in the country.

The business measures affordability at a granular level and works hard to ensure customers can sustain their tenancies. Whilst there is no single metric which tells the whole picture the mean average rent being charged on our rented homes of 60% of open market rent indicates that it is offering excellent value to its customers and the public purse.

Secondary:

Health and wellbeing: supporting the health and wellbeing of people influenced by places and buildings

Surveys show that the business continues to provide good quality homes with residents indicating high levels of satisfaction with build quality and perceived safety. Overall customer satisfaction and Net Promoter Score decreased slightly in 2024 and the businesses will continue to work with residents and the management provider network to improve service and resident engagement.

Just transition: enhancing and preserving the local environment and supporting a just transition to net zero

Well-designed homes and communities can be low-carbon and sustainable, while helping to protect and restore nature. However, there are challenges to overcome for this to become business-as-usual, which the business and the wider construction industry continue to grapple with. Nevertheless the Legal & General Affordable Homes business remains committed to maximising the number of new build sustainable, affordable homes that are enabled to operate at Net Zero Carbon emissions. By continuing to work with the right partners, the business aims to encourage the raising of standards as quickly as

possible and implementing policies to deliver on Group level Science Based Target Initiative Commitments such as phasing out gas boilers in newly contracted homes from 1 January 2026. The business is also committed to all new homes handed over from January 2030 being Net Zero Carbon enabled.

Partnerships: supporting industry partnerships and thought leadership

Through the rationalisation of its managing partners the business has retained a network of high-quality management providers with all management providers having a regulatory rating at or above G1/V2. The contractual arrangements provide for strengthened feedback between parties on communication, alignment and shared focus on resident outcomes. The business has demonstrated progress in driving thought leadership in the sector, particularly through the development and roll out of its Brolly platform for customers and management providers.

Responsible procurement: responsible sourcing of supplies and services that is ethical, local and inclusive

This is a new social impact priority for the business and recognises that the business has the potential to make a meaningful contribution to responsible procurement through its development and operations supply chains. The business is currently in the process of developing a strategy for this priority, alongside an impact reporting plan.

Assurance on progress

During the year the social impact consultancy, The Good Economy ('TGE'), published its third independent assessment of the progress the Legal & General Affordable Homes business has made towards its impact objectives (lgah-impact-report-2024.pdf (legalandgeneral.com/affordable-homes)). The report drew both on Legal & General Affordable Homes data and benchmarking analysis compiled by TGE as well as interviews with management and staff, management provider partners, local authorities, land agents, developers and customers. We welcome the report findings which highlight both strengths and areas for improvement.

Governance

'The Legal & General Affordable Homes business' Environmental and Social activities are reported to the Group, which monitors performance and progress through specialist committees. For example, the Impact Steering Group (ISG) provides oversight of all Legal & General Asset Management Private Markets' investments to ensure consistency and alignment across asset classes, itself reporting into a Responsible Investment Oversight Matters Committee.

Environmental sustainability exposures are ultimately overseen by the Legal & General Group Risk Committee ('GRC') which sets the Group's risk appetite and ensures that management actions are also aligned, including the actions proposed and taken by the Legal & General Affordable Homes business. The GRC is supported by a Group Climate Director with specific responsibility for coordinating the Group's response to climate change and incorporating nature and biodiversity risks into day-to-day operations. The Group Climate Director is also on the Board of the Investment Manager for the Legal & General Affordable Homes business, Legal & General Affordable Homes (Operations) Limited.

At a Legal & General Affordable Homes business level, collective disclosure is made against the widely adopted Sustainability Reporting Standard for Social Housing. The Standard requires disclosure against standardised and comprehensive criteria relevant to the social housing sector across themes such as climate change, affordability and security and governance. The latest publication is incorporated into the report published by The Good Economy (lgah-impact-report-2024.pdf (legalandgeneral.com/affordable-homes)).

Inclusive Economy

Jobs and Skills

Ethical, local employment, skills and educational opportunities

- Ethical
- Local
- Inclusive

Responsible Procurement

Responsible sourcing of supplies and services that is ethical, local and inclusive

- Ethical
- Local
- Inclusive

Equity and Affordability

Contributing to the affordability and equity of local places

- Affordability
- Digital inclusion
- Resilient local economies

Health, Wellbeing and Quality of Life

Physical and mental health

Supporting the health and wellbeing of people and communities influenced by places and buildings

- Physical Health
- Mental Wellbeing
- Healthy Places and Buildings

Quality of Life

Supporting the social health, quality of life, vibrancy and safety of communities

- Services and amenities
- Culture and heritage
- Safety and security

Community and partnerships

Supporting active community engagement and partnerships with local organisations

- Civic pride and cohesion
- Participation and outreach

Climate and Nature

Just transition

Enhancing and preserving the local environment and supporting a just transition to Net Zero

- Climate mitigation
- Climate resilience
- Local environmental quality

Access to Nature

Supporting local access to and regeneration of nature and biodiversity

- Biodiversity
- Blue-Green Infrastructure

Connected places

Supporting sustainable and active transport and infrastructure

- Walkability and permeability
- Low carbon travel

¹ The Social Impact Framework for the Legal & General Affordable Homes businesses is built on an unified approach across the multiple businesses and as such the social impact performance reported in this section for the "business" refers to performance across the Legal & General Affordable Homes businesses as a whole.

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 2024.

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 29.

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 subscribed to the LLP by way of an equity contribution of £100 initial capital.

Distribution of profits 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 Member.

Units under management

	2024 units	2023 units
Affordable rent	1,104	1,104
Social rent	202	202
Total units under management	1,306	1,306

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
Ben Denton	13 May 2021	
Sarah Melinek	13 May 2021	
Karl Shaw	17 June 2021	23 July 2024
Pete Gladwell	27 July 2023	
Kevin Gould	27 September 2023	
Kathryn Davis	27 September 2023	
Ian Peters	1 January 2024	
Simon Gadd	23 July 2024	

Members' Report Continued

Value for Money Statement

Introduction

The Value for Money Standard is one of three economic standards that the Regulator of Social Housing expects registered providers to comply with. It looks at whether a provider is making the best use of the resources that it has to meet its objectives.

In complying with the Value for Money Standard the Legal & General Affordable Homes business seeks to achieve economy, efficiency and effectiveness across all areas of activity. As the business is still in its early growth stage some of its value for money metrics will include outliers when benchmarked to the sector. As the business grows, it should become easier to benchmark performance with sector peers.

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

The LLP

Formed in 2021 to own and manage rented housing, at 31 December 2024 the LLP owned 1,306 properties, operated via its network of management providers.

The LLP focusses solely on the acquisition and management of rented housing properties throughout England. It takes no development risk and typically acquires homes from its sister companies, Legal & General Affordable Homes Limited and Legal and General Affordable Homes (Development 3) Limited.

The LLP is part of the family of Registered Providers that make up Legal & General Affordable Homes. The Legal & General Affordable Homes business currently operates through 12 separate

entities, 9 of which are for-profit registered providers with the Regulator of Social Housing.

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 Plc.

As part of its role, the Investment Manager oversees the outsourced management provider network that delivers services to customers and properties on the LLP's behalf.

Activities undertaken in 2024

Throughout 2024 the LLP did not acquire any additional properties and at the end of the year it held 1,306 homes under management. The LLP had entered into contracts to acquire in excess of 300 new homes in the year. However, developer led delays resulted in it not being able to take handover until 2025.

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 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 Company are:

- Its financing costs
- Its property and customer 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 shareholders and funders whilst delivering a great quality customer service. Where the LLP enters into debt financing arrangements the Board receives assurance that value for money is being secured through independent reviews of the transactions to ensure the pricing and terms reflect market norms.

In relation to the property and customer management costs, the Legal & General Affordable Homes business achieves value for money through its relationships with the management provider network it has procured. This network was rationalised in 2024 with contracts being renegotiated allowing the business to preserve 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 maintaining good performance on service delivery and customer feedback metrics.

Additional services provided to the business are undertaken by the Investment Manager, under an Investment Management Agreement.

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 Legal & General Affordable Homes business were selected for this purpose.

However, having attempted to create a meaningful benchmark group it became evident upon testing comparative performance that the LLP has many differences to traditional participants 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 Legal & General Affordable Homes family of businesses.

As a result, the Board agreed a further set of value for money metrics, in

addition to the mandatory measures, which it began to monitor and report against from 2022. These voluntary measures demonstrate that the LLP is making a substantial impact on the supply of affordable 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 LLP uses Net Promoter Scores as its core indicator of customer experience and has included it in the reporting for the financial year 2024.

2024 Sector VFM							
Metric	Description	Median Quartile*	Upper Quartile*	2024 Actual	2024 Target	2025 Target	
Mandatory value for money targets							
1	Reinvestment	%	7.7	11.0	0.0	11.7	41.4
2	New supply delivered	%	1.4	2.2	0.0	13.3	9.3
3	Gearing	%	45.6	54.3	41.5	45.8	40.0
4	EBITDA MRI	%	122.0	153.0	161.3	167.2	182.6
5	Headline social housing cost per unit	£000	5.1	6.4	3.2	2.5	1.9
6a	Operating Margin - social housing lettings	%	20.4	25.8	65.0	64.9	64.7
6b	Operating Margin - overall	%	18.5	23.4	61.6	60.0	59.8
7	Return on capital employed	%	2.8	3.4	3.4	3.5	2.8
Additional value for money targets							
8	Net Promoter Score		N/A	N/A	+40	+58	+63
9	More affordable housing	Units	N/A	N/A	N/A	752	352
10	Product quality	%	N/A	N/A	N/A	N/A	N/A
11	Environmental sustainability	%	N/A	N/A	N/A	85.0	85.0
12a	Truly affordable homes - market rent	%	N/A	N/A	65.0	<75	<75
12b	Truly affordable homes - local income	%	N/A	N/A	38.9	<35	<35
13	Efficient model of operation	%	N/A	N/A	73.0	73.0	73.0

* This is based on the 2024 VFM metric release published by the Regulator of Social Housing in March 2025

Members' Report Continued

Metric 1 - Reinvestment 2024: 0%; Target: 11.7%

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 LLP did not acquire any additional properties with the planned acquisition of over 300 new affordable homes being deferred to 2025 due to developer led delays whilst the acquisition of a portfolio of homes from its sister company, Legal & General Affordable Homes Limited was deferred to allow both transactions to be concluded simultaneously.

The 2025 target of 41.4% shows the LLP's continued commitment to investment in new and existing homes.

Metric 2 - New supply delivered 2024: 0%; Target: 13.3%

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. As described above the business did not acquire any homes in 2024.

In setting the target for 2025 the expectation is that the business will deliver much of its future growth through the acquisition of existing stock portfolios from other providers with a smaller proportion of growth being derived from the acquisition of new affordable homes.

The business focusses solely on delivering affordable rented housing and has not acquired or delivered any non-social housing units in 2024 and therefore has not reported against part b of this metric.

Metric 3 - Gearing 2024: 41.5%; Target: 45.8%

The LLP funded the acquisition of its 1,306 homes with contributions from its Members. Legal & General Assurance Society Limited's contribution is in the form of six loan notes, three with 40 year terms bearing a fixed interest coupon and three with no maturity date or coupon. The gearing metric reported represents the amount of 40 year notes outstanding as a proportion of property value.

Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) 2024: 161.3%; Target: 167.2%

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 upper quartile.

Metric 5 - Headline social housing cost per unit 2024: £3,200; Target: £2,500

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. The cost per unit was higher than the target due to higher service charge costs being incurred across larger flatted schemes combined with the impact of the year end stock holding assumed in setting the target being significantly higher than the actual year end closing position. As the target assumed that the acquisitions would be phased over the course of 2024 the method of calculating this metric means that the average cost per unit is reduced.

Metric 6a&b - Operating Margin 6a) 2024: 65.0%; Target: 64.9% 6b) 2024: 61.6%; Target: 60.0%

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 ahead of target and is significantly ahead of the upper quartile for the sector.

Metric 7 - Return on capital employed 2024: 3.4%; Target: 3.5%

This metric compares the operating surplus to total assets less current liabilities and is a measure to assess the efficient use of capital. 2024 performance was in line with the upper quartile for the sector.

The lower 2025 target reflects the fact that significant investment is expected to be made in social housing stock to achieve the LLP's ambitious growth targets with revenue not being fully stabilised. With total assets less current liabilities being taken at the Balance Sheet date the return is expected to be lower than the sector upper quartile whilst the LLP continues to grow and establish a stock holding commensurate with its peer group.

Metric 8 - Net promoter score 2024: +40; Target: +58

Net Promoter Score is calculated based on the question: "On a scale of 1-10, how likely is it that you would recommend us to a friend or colleague?" Based on the score a new customer of a new build home 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 has an independent organisation collect all of its customer experience data to ensure neutrality. In any sector a score of +30 and above is considered to be great but we do recognise that the 2024 score is a significant drop on past performance (2023: +64). The business has put in place plans to address the customer concerns raised and has set itself a challenging target of +63 for 2025.

Metric 9 - More affordable housing in 2024: N/A; Target: 752

This metric measures the impact the LLP is making to the supply of new homes. As set out above the LLP did not undertake any acquisitions during 2024.

The 2025 target of 352 new affordable homes demonstrates the LLP's commitment to deliver new supply.

Metric 10 - Product quality 2024: N/A Target: N/A

Product Quality is measured through a Likert scale with new customers of new build homes rating their home on a scale of 1 to 5 with 1 being Very Poor and 5 being Very Satisfied. As the Company did not acquire any new homes in the period the metric has not been reported against.

Metric 11 - Environmental sustainability 2024: N/A; Target: 85%

This metric looks at the average EPC score of homes acquired in the year. This is an important measure for the business as it seeks to deliver homes that minimise the impact on the planet and improve affordability for customers. As the LLP did not acquire any homes in the period this metric was not applicable. In delivering its future growth targets the LLP will continue to work to a target of 85% or more of units acquired to have an EPC rating of B or better.

Metric 12 - Truly affordable homes 12a) 2024: 65%; Target: less than 75% 12b) 2024: 38.9%; Target: less than 35%

This metric measures the affordability of our homes. Metric 12a looks at the average rent charged as a percentage of market rent whilst 12b captures the average rent charged as a percentage of gross local income. For 84% of the homes held 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 65% of market rent the LLP is offering excellent value to its customers.

The LLP is exceeding the target of being below 35% rent to income affordability largely due to the profile of its stock holding, with a large proportion of properties being situated in London where customers face tighter affordability. In all applications, affordability and further financial support are carefully considered to ensure customers can successfully sustain their tenancies.

Metric 13 - Efficient model of operation 2024: 73.0%; Target: 73.0%

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 in line with 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 management provider fees.

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

The Members are responsible for preparing 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 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.

Under Regulation 6 of 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 2022, 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 its financial statements comply with those regulations. 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 <https://www.legalandgeneralgroup.com/csr/modern-slavery-statement/>.

Statement of disclosure to the Auditor

At the time of approval of this report: a) so far as the Members are aware, there is no relevant audit information of which the LLP's auditor is unaware; and b) 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.

This report was approved by the Members on 25 June 2025 and signed on their behalf on 26 June 2025 by:

Ian Peters
Board Member (Chair)

Independent Auditor's Report

to the Members of Legal & General
Affordable Homes (AR) LLP

Opinion

We have audited the financial statements of Legal & General Affordable Homes (AR) LLP ("the LLP") for the year ended 31 December 2024 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity 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 the LLP's affairs as at 31 December 2024 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 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.



Identifying and responding to risks of material misstatement due to non-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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), 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), recognising the regulated nature of the LLP's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations 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.

As required by auditing standards, we perform procedures to address the risk of management override of controls.

Independent Auditor's Report

to the Members of Legal & General
Affordable Homes (AR) LLP

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 Chair's statement, Strategic report, Environmental, Social and Governance 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 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, 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
- 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 22, 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.



Harry Mears
(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
New King's Court,
Suite 6 Tollgate,
Chandler's Ford,
Eastleigh
SO53 3LG

27 June 2025



Financial Statements

Income Statement

Page 29

Balance Sheet

Page 29

Notes to Financial Statements

Page 30



Income Statement

For the year ended 31 December 2024	Note	2024 £000	2023 £000
Turnover	3	14,133	12,324
Operating expenditure	4	(4,944)	(4,520)
Other gains/ (losses)	5	76	3
Operating profit		9,265	7,807
Interest receivable		48	-
Finance costs		(5,697)	(4,947)
Profit for the year before Members' remuneration and profit shares		3,616	2,860
Automatic division of profit		(3,616)	(2,860)
Result for the year available for discretionary division among Members		-	-

The notes on pages 30 to 35 form an integral part of these financial statements.
The results for the current and prior year derive from continuing operations.
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 2024	Note	2024 £000	2023 £000
Fixed Assets			
Investment property	7	261,842	246,736
Current assets			
Debtors	8	3,178	2,582
Cash at bank and in hand		7,082	4,774
		10,260	7,356
Creditors: amounts falling due within one year	9	(2,677)	(2,309)
Net current assets		7,583	5,047
Creditors: amounts falling due after more than one year	10	(259,844)	(245,818)
Net assets attributable to Members		9,582	5,965
Represented by			
Capital contributions from limited partners		1,251	1,251
Profit attributable to members		8,330	4,714
		9,582	5,965
Total Member's Interests			
Amounts due to Members		8,330	4,714
Capital contributions from Limited Partners		1,251	1,251
		9,582	5,965

The notes on pages 30 to 35 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Members on 25 June 2025 and were signed on their behalf on 26 June 2025 by:

Ian Peters
Board Member (Chair)

Notes to Financial Statement

For the year ended 31 December 2024

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 2022 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:

- Related party disclosures to disclose related party transactions entered into between two or more members of a group; and
- 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 a 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.

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. Further details on the basis of the valuation are provided in Note 7.

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 interest 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 is 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 include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

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 Revenue

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

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

1.6 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.

1.7 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 revenue and profit before tax is all attributable to the LLP's activities as an owner of affordable housing and arises wholly in the UK.

3. Revenue

	2024 £000	2023 £000
Rent and service charge income	14,133	12,324
	14,133	12,324

4. Operating expenditure

	2024 £000	2023 £000
Direct costs	4,406	4,263
Administrative expenses	538	257
	4,944	4,520

5. Other gains/ (losses)

	2024 £000	2023 £000
Investment Property revaluation gain	15,107	632
Loan Notes revaluation loss	(15,031)	(629)
	76	3

6. Audit fees

Administration expenses include audit fees of £33,504 (2023: £32,528).

During the year the LLP did not obtain any non-audit services from its Auditor (2023: £nil).

7. Investment property

	2024 £000	2023 £000
Valuation		
At 1 January	246,736	172,059
Additions	-	74,045
Revaluation	15,107	632
At 31 December	261,842	246,736
Investment Property by tenure (units):		
Affordable rent	1,104	1,104
Social rent	202	202
At 31 December	1,306	1,306

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 operation of each property over the long term.

The main inputs and assumptions used relating to the valuation ranged as follows:

	2024	2023
HPI - house price index	2.1% - 4.3%	-2.1% - 4.8%
CPI - consumer price index	1.7% - 2.2%	1.6% - 6.7%
RPI - retail price index	2.6% - 3.7%	2.5% - 8.9%
% of gross rent receivable	97.30%	97.30%

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

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

	2024 £000	2023 £000
Gross historic cost	249,866	249,866
	249,866	249,866

8. Debtors

	2024 £000	2023 £000
Trade debtors and accrued income	2,693	2,120
Amounts owed by group undertakings	485	462
	3,178	2,582

9. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Trade creditors	34	48
Accruals	1,812	1,677
Amounts owed to group undertakings	831	584
	2,677	2,309

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

	2024 £000	2023 £000
Loan notes issued	259,844	245,818
	259,844	245,818

11. Capital Contribution

	2024 £000	2023 £000
Capital contribution from Members	1,251	1,251
	1,251	1,251

12. Employees

The LLP had no employees during the period (2023: nil).

13. Board members' emoluments

Certain Board Members are employees of Legal & General Group and 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.

	2024 £000	2023 £000
Simon Century (resigned 15 February 2023)	-	1
Karl Shaw (resigned 23 July 2024)	3	5
Liewen Chan (appointed 16 February 2023 and resigned 27 July 2023)	-	2
Ben Denton	6	5
Pete Gladwell (appointed 27 July 2023)	6	2
Simon Gadd (appointed 23 July 2024)	3	-
	18	15

The remuneration for the independent Non-Executive Board Members paid by the LLP are shown below.

	2024 £000	2023 £000
Ian Peters (appointed 1 January 2024)	9	-
Ian Graham (resigned 31 December 2023)	-	15
Karen Wilson (resigned 27 September 2023)	-	9
Sarah Melinek	6	11
Kathryn Davis (appointed 27 September 2023)	6	3
Kevin Gould (appointed 27 September 2023)	7	3
	28	41

14. Commitments

The Company has committed to purchasing homes at a value of £51.6m from its sister companies, Legal & General Affordable Homes Limited and Legal and General Affordable Homes (Development 3) Limited. This will be achieved through long term funding arranged with Legal & General Assurance Society Limited.

15. Related party transactions

During the year the LLP did not acquire any homes. In 2023 the LLP acquired 368 homes for £74m from its sister company, Legal & General Affordable Homes Limited. The sister company, Legal & General Affordable Homes Limited is a Registered Provider of social housing.

16. Ultimate parent undertaking

The LLP's ultimate parent undertaking is Legal & General Group Plc, a company incorporated in England and Wales. The largest and smallest group in which the results of the LLP are consolidated is that headed by Legal & General Group Plc, 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.

17. Post balance sheet events

Subsequent to the balance sheet date the LLP acquired 417 homes from its sister companies, Legal & General Affordable Homes Limited and Legal and General Affordable Homes (Development 3) Limited for total consideration of c.£44m.

Legal & General Affordable Homes (AR) LLP

Registered in England and Wales
No. OC435745.

Registered office:
One Coleman Street,
London EC2R 5AA.
RSH Registered number: 5149

