

Legal & General Affordable Homes Limited



Annual Report and Accounts

for the year ended 31 December 2024

Directors and advisors

at date of approval of the financial statements

Directors

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

Company secretary

Legal & General Co Sec Limited

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 & Hamlins
3 Bunhill Row
London
EC1Y 8YZ

Registered Office

One Coleman Street
London EC2R 5AA

Registration numbers:

Company Registration Number: 11223470
Registered Provider Number: 5062

Highlights

for the year ended 31 December 2024

£4.2m

Operating profit*

(2023: operating loss £27.2m)

* Before interest and tax



3,503

Number of homes*

(2023: 3,022)

* Units under management



£565.7m

Investment Property

(2023: £505.0m)



4,200+

Secured homes pipeline*

(2023: 7,000+)

* As at 31 December 2024
(including completed units)



Homes by tenure

2,454



Shared ownership

890



Affordable rent

159



Social rent

+63

Net Promoter score

(2023: +64)





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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. This provides a real opportunity for the sector to improve its service to customers.

The Legal & General Affordable Homes business operates through nine 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 Company 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



Ian Peters
Chair

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.



To support the sourcing and deployment of external institutional capital into the sector the 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.

Legal & General Affordable Homes (Capital) Limited (the operating Company for the main fund) acquired its first assets through the acquisition of a portfolio of 485 homes from the Company. In addition, the Company disposed of 387 shared ownership homes to Legal & General Affordable Homes (Investment 1) Limited, a wholly owned subsidiary of Legal & General Assurance Society Limited which became active following this acquisition.

I would like to thank the entire Board which has been largely the same throughout the year, together with the team across the 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

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.

In 2024 the Company acquired 975 homes from our sister development companies and completed the acquisition of a portfolio of 388 occupied homes from another registered provider. This resulted in the business closing the year with 3,503 homes under management with 30% of the portfolio comprising rental homes and 70% being shared ownership 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 Company to deploy institutional capital to support the continued growth of the business.



Board of Directors



Ian Peters

Chair

Appointed January 2024

Ian Peters is Chair of Legal & General Affordable Homes Limited. 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.



Sarah Melinek

Senior Independent Non Executive Director

Appointed November 2020

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 Director

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 of Directors Continued



Ben Denton

Director

Appointed October 2018

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

Director

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

Director

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 Limited ('the Company') is a Registered Provider of social housing for profit. The Company is a private company limited by shares incorporated under the Companies Act 2006 and is registered in England and Wales.

Review of the Business

During the year the Company took ownership of a further 1,363 homes whilst disposing of 872 homes to Legal & General Affordable Homes (Investment 1) Limited and Legal & General Affordable Homes (Capital) Limited both of which are Registered Providers of social housing for profit in the Legal & General Affordable Homes business.

In 2024 revenues grew to £44.2m (2023: £23.1m) resulting in the Company reporting reduced pre-tax losses of £11m (2023: pre-tax losses of £38.7m). This is largely due to the Company's revenues having been boosted through increased assets under management and higher levels of grant funding whilst its investment property portfolio recorded lower unrealised revaluation losses. At 31 December 2024 the Company had net assets of £286m (2023: £327m).

During the year the Company reduced its share capital by £50.6m through a reduction in the Company's share premium account.

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 Company by Legal & General

Affordable Homes (Operations) Limited (the 'Investment Manager') under a long term management agreement.

The Company is ultimately owned by Legal & General Group Plc (the 'Group').

Financial key performance indicators

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

Principal risks and uncertainties

In meeting its long term objectives the key business risks and uncertainties affecting the Company 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 is ultimately responsible for ensuring the Company 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 Company 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 Company 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

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 slower sales of shared ownership homes and downward property valuation movements.

Health & Safety

The Company'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 Company. The Company'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 Company's behalf) as it seeks to proactively identify and mitigate health and safety risks.

The Company'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 Company'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 Company 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 Company's health and safety policies have been reviewed and updated where applicable. The Company'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 Company'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 Company takes issues of damp and mould very 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.

NHF Code of Governance

As at 31 December 2024, and for the whole of 2024, the Company was fully compliant with the NHF Code of Governance 2020 with the exception of provision 4.5 as the Company 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 Company 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 Company has undertaken an annual review of compliance and the board is assured that the Company 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 Company 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 Company's Performance Report. The Board received an update on the Company'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 Company, 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 Company 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 business* 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 measurement 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 business' 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:

Inclusive Economy

Jobs and Skills

Ethical, local and inclusive 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

* 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.

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)).

Directors' Report



The Directors present their Annual Report together with the audited financial statements of the Company for the year ended 31 December 2024.

Future developments

The Company has played a key part in the establishment of the Legal & General Affordable Homes business, which operates across multiple entities, both registered providers and non-regulated entities. The Company is the largest landlord in the Legal & General Affordable Homes business and expects to continue to work with these entities to increase the supply of affordable housing and the level of institutional capital invested in the sector, providing high quality and environmentally sustainable homes that allow customers to build better futures.

The Company is expected to continue to acquire new affordable homes from its sister development companies.

Debt financing

The Company has £165m of debt facilities provided by Legal & General's Retirement business and these facilities were fully drawn during the year. During 2024 the Company also secured a £125m 12-month revolving credit facility with Barclays Bank Plc providing it with additional funding flexibility. In 2025 the Company extended the term of its £125m revolving credit facility with Barclays Bank Plc for a further 12 months to February 2026.

Result for the year and dividend

The results of the Company are set out on page 30. The Directors do not recommend the payment of a dividend (2023: £nil).

Going concern

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

Units under management

	2024 units	2023 units
Shared ownership	2,454	1,963
Affordable rent	890	916
Social rent	159	143
Total units under management	3,503	3,022

The units under management at year end are shown after the Company transferred 872 of its properties to Legal & General Affordable Homes (Investment 1) Limited and Legal & General Affordable Homes (Capital) Limited. The management of units is outsourced to an external network of management providers.

Directors

The Directors of the Company, 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	10 October 2018	
Sarah Melinek	19 November 2020	
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	

Directors' Report Continued

Section 172 (1) Statement & Stakeholder Engagement

The Board considers that it has adhered to the requirements of section 172 of the Companies Act 2006 and has, in good faith, acted in a way that it considers would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, has had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Companies Act 2006) in its decision-making.

As part of the wider Legal & General Group Plc (the 'Group'), taking into account the relative size and complexity of the Company and the centralised nature of the Group, in certain situations the Board may consider it reasonable for decision making to be handled by the Group Board. In such cases, this will be articulated in the statement and

reference provided to the appropriate section of the Group's Annual Report & Accounts.

The reporting legislation around stakeholder engagement is welcomed by the Board and the commentary and table below sets out our s.172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders in the decision making process. Additional information on who the Group's key stakeholders are, and how the Group Board has engaged with them and considered their interests when making major decisions in 2024, can be found in the Group's Annual Report and Accounts 2024, which can be found here: <https://group.legalandgeneral.com/en/reporting-hub>.

General

The Group promotes the highest standards of governance and ensures that these standards cascade throughout the Group and its subsidiaries.

Guiding principles are in place for the relationship between the Group Board and the Boards of the Group's principal subsidiaries. This framework promotes full and effective interaction across all levels of the Group to support the delivery of strategy and business objectives within a framework of best corporate governance practice.

Corporate governance underpins how we conduct ourselves as a Board at Legal & General Affordable Homes, our culture, values, behaviours and how we do business. As a Board we are conscious of the impact that our business and decisions have on our direct stakeholders as well as our wider societal impact.



As part of the Director induction process, Directors are briefed on their duties, including their duty under s.172 of the Companies Act 2006. The Directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as Directors, including professional advice from an independent advisor at the Company's expense. On-going training is provided to the Directors, as required, to ensure that their knowledge remains up to date and they continue to be able to discharge their duties as Directors.

In 2019 the Group implemented a new standard practice which requires all Group and subsidiary Board papers to demonstrate that stakeholders have been considered. Details of this have been included in the cover sheet for each Group and subsidiary Board paper since implementation. For each transaction approved by the Legal & General Affordable Homes Board, including but not limited to material acquisitions and strategic expansion, discussion takes place around employee impact and impact on other stakeholders, such as customers. The relevance of each stakeholder group may vary by reference to the issue in question, so the Board seeks to understand the needs of each stakeholder group and any potential conflicts as part of its decision-making. Additionally, the

Director of Governance is on hand to provide support to the Board in ensuring that sufficient consideration and time is given to stakeholder issues during these discussions.

Principal decisions

For the year ended 31 December 2024, the Board consider that the following are examples of principal decisions that it made in the period:

- **Approval of annual budget and business plans** - the Company's 5 year plan was approved
- **Acquisition and subsequent disposal of a portfolio of occupied shared ownership homes** - homes were acquired from another registered provider for c.£35m and later onward sold to sister company, Legal & General Affordable Homes (Investment 1) Limited
- **Sale of homes to Legal & General Affordable Homes (Capital) Limited** 485 homes were sold to another registered provider in the Legal & General Affordable Homes business for proceeds of c.£75m
- **Procuring additional funding** secured new £125m revolving credit facility with Barclays Bank Plc

- **Approval to reduce the Company's share capital** - the Company's share capital was reduced by £50.6m through reduction of the Company's share premium account to enable a repayment of capital to the shareholder

Stakeholder engagement

Stakeholder considerations are integral to the Board's decision-making. While not all decisions impact every stakeholder, the Board endeavours to balance the, sometimes conflicting, needs of its stakeholders to ensure that all groups are treated consistently and fairly. For each decision, the Board carefully considers stakeholders' views, priorities, and issues. When appropriate, the Board will sometimes engage directly with stakeholders on certain issues, but the size and distributions of our stakeholders and the wider Legal & General group means that stakeholder engagement often takes place at an operational level, with certain matters of Legal & General group-wide significance being dealt with at Group Board level.

The following table sets out our key stakeholders and how we have engaged with them in the period, as well as demonstrating stakeholder consideration in the decision making process.



Stakeholders Their importance to us	The Board's approach to stakeholder engagement	Outcomes and Stakeholder consideration in the Board's decision making
Shareholders Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.	Our ultimate shareholder is the Group, whose shareholders are institutional and individual investors. Performance metrics and updates are provided by the Board to our parent company which supports the Group to achieve its business plan and continue to generate long term sustainable value for shareholders.	As a Board, we aim to provide clear information to our parent company and ultimate shareholders, being honest and transparent as to the performance of the business. Value is generated for shareholders by achieving the business plan, providing a sustainable, progressive dividend (where appropriate) and through share price performance of the ultimate shareholder, Legal & General Group Plc.
Customers Listening to our customers helps us to better understand their needs and provide suitable and reliable products and services.	The Company's primary customers are the occupiers of our rented and shared ownership properties. The quality of the product and the customer service provided to the end users of the homes is tracked via Net Promoter Scores and Tenant Satisfaction Measures which are reported regularly to the Board.	When assessing any new development opportunity, the Board considers the quality of the home that will be provided. All developments must meet a number of Quality Criteria to be approved. Net Promoter Scores and Tenant Satisfaction Measures are tracked regularly to assess the quality of product and customer service provided for the Board to consider whether any actions need to be taken.
Employees Engaging with our Investment Manager enables us to create an inclusive culture and a positive working environment.	Notwithstanding that the Company does not employ staff directly, the Board expects the Investment Manager to ensure services are delivered in accordance with the culture set by the Board. The Board adopted a formal approach to culture and instructed the Investment Manager to adopt and report on this annually.	The Investment Manager gathers employee feedback through the 'Voice Survey' and town halls, promoting engagement and communication. The results of the survey and actions to be taken are reviewed and shared with the Board. Some of the decisions made as a result of the survey relate to, for example, training and development, health and well being and change management.
Suppliers Frequent interaction with and fair treatment of suppliers helps us maintain high standards, reduce supply chain risks, and achieve cost efficiencies, benefitting the environment and society.	We hold regular meetings with our key suppliers ensuring risks are proactively managed and they are up to date on latest developments and best practice. Suppliers must comply with our Supplier Code of Conduct. Annually, the Group approves a Modern Slavery Statement detailing our response to modern slavery risks in operations and the supply chain.	We base our decisions on which suppliers to work with on a range of qualitative and quantitative factors rather than price alone.
Communities and environment Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.	Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This inspires us to create long-term assets in an economically and socially useful way to benefit everyone in our communities. Our approach takes our belief in responsible behaviour and extends it into investing in communities to change people's lives for the better.	We use our own capital to create real assets which the Group can invest in long term using Group capital and policyholder's assets. This allows us to create value for shareholders, provide stability for pension customers and benefit communities right across the UK. The Good Economy, a social impact consultancy has been appointed by the Board to carry out annual reviews of the business' sustainability and impact performance. The report can be viewed on the website: www.legalandgeneral.com/affordable-homes .

Further information on how the Group has engaged with stakeholders can be found in the Group s.172(1) Statement, which can be found here: <https://group.legalandgeneral.com/en/reporting-hub/reports>.

Directors' 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 Organisation

Formed in 2018, at 31 December 2024 the Company owned 3,503 properties, a mix of rented and shared ownership, operated via its network of management providers.

The Company takes limited development risk and typically acquires homes upon practical completion, primarily from its developing Legal & General Affordable Homes sister companies, which are owned by the common ultimate shareholder, Legal & General Group Plc.

The Company 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 Company's behalf.

Activities undertaken in 2024

At the beginning of 2024, the Company had 3,022 properties in operation. Over the course of 2024 the business acquired 1,361 homes (including a portfolio of 388 occupied homes from another registered provider) and in Q4 2024 transferred 872 homes (including the stock portfolio acquired in the year) to other Legal & General Affordable Homes Registered Providers, Legal & General Affordable Homes (Investment 1) Limited and Legal & General Affordable Homes (Capital) Limited. As a result at the end of the year the Company held 3,503 homes under management (excluding homes that had fully staircased in the year).

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 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 Company is part 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 Company 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.

The Company's Additional Value For Money Targets

The Legal & General Affordable Homes business has sought to establish a benchmark group of organisations in the sector to compare their 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 Legal & General Affordable Homes 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 Legal & General Affordable Homes 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 Legal & General Affordable Homes businesses are making a substantial impact on the supply of new homes, delivering good levels of product quality with good energy performance helping to get more people onto the property ladder or find an affordable home to rent.

Value for Money Metrics
The Company 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 Company 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 Company uses Net Promoter Score 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	18.2	61.7	23.2
2	New supply delivered	%	1.4	2.2	27.8	56.6	24.0
3	Gearing	%	45.6	54.3	50.5	50.0	50.0
4	EBITDA MRI	%	122.0	153.0	180.2	168.7	212.3
5	Headline social housing cost per unit	£000	5.1	6.4	3.5	3.5	3.7
6a	Operating Margin - social housing lettings	%	20.4	25.8	48.5	34.2	54.3
6b	Operating Margin - overall	%	18.5	23.4	61.8	78.2	66.0
7	Return on capital employed	%	2.8	3.4	5.7	8.9	4.5
Additional value for money targets							
8	Net Promoter Score		N/A	N/A	+63	+58	+63
9	More affordable housing	Units	N/A	N/A	973	1,507	625
10	Product quality	%	N/A	N/A	88.0	N/A	N/A
11	Environmental sustainability	%	N/A	N/A	97.0	85.0	85.0
12a	Truly affordable homes - market rent	%	N/A	N/A	63.0	<75	<75
12b	Truly affordable homes - local income	%	N/A	N/A	33.6	<35	<35
13	Efficient model of operation	%	N/A	N/A	76.6	73.0	73.0

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

Directors’ Report Continued

Metric 1 - Reinvestment 2024: 18.2%; Target: 61.7%

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 net investment in properties (i.e. acquisitions less disposals to other Registered Provider entities within the Legal & General Affordable Homes business) has grown by £61m to £509m. As the business is still growing its portfolio, the rate of investment is high and is above the upper quartile of 11.0%. Performance is markedly different from the rest of the sector where businesses typically hold a large existing asset base. Actual reinvestment in 2024 was behind target largely due to:

- i) the business having made a strategic decision to defer planned asset disposals to connected Register Provider entities resulting in the Company holding a significantly larger portfolio of properties than was assumed when the target was set; and
- ii) a change in strategy due to the emergence of new Registered Providers within the Legal & General Affordable Homes business resulting in a lower volume of acquisitions being completed by the Company in the year.

The 2025 target of 23.2% shows the Company’s continued commitment to investment in new and existing homes.

Metric 2 - New supply delivered 2024: 27.8%; Target: 56.6%

This metric considers the number of new social housing units developed in the year as a proportion of the total number of social housing units owned at the end of the year. At the end of 2024 the business owned and managed 3,503 units and had delivered 973 new social homes in the period representing 27.8% new supply. As the focus of the business

remains on driving the delivery of new homes and expanding its portfolio from a comparatively small base, the rate of new supply delivered remains very high compared to most of the sector. Similar to metric 1, performance is tracking behind target due to a combination of fewer acquisitions and the year end stock holding being significantly greater than assumed when setting the target.

The business focusses solely on delivering social 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: 50.5%; Target: 50%

During 2024 the Company entered into a revolving credit facility for £125m. At 31 December 2024 the Company had drawn £95m against this facility. Gearing levels have increased on the prior year (2023 actual: 32.8%) but are in line with expectations. The Company will continue to ensure that its gearing levels are appropriate by balancing the need for debt funding alongside equity investment to increase its capacity to deliver more homes and enable it to be capital efficient with the need for the organisation to be financially stable and resilient to any market downturns.

Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) 2024: 180.2%; Target: 168.7%

This metric measures the level of operating surplus compared to interest payable. For the year ended 31 December 2024 the Company’s performance exceeded the performance of the wider sector due to the structure of its funding yielding lower interest charges alongside the performance of its portfolio. Performance was ahead of target due to the higher interest costs

(resulting from higher interest payments on inflation linked loans and utilisation of the revolving credit facility) being more than offset by higher EBITDA driven by the higher average number of homes under management during the year.

Metric 5 - Headline social housing cost per unit 2024: £3,450; Target: £3,530

This metric assesses the cost per unit of operating properties under management. The Company’s headline cost per unit benchmarks well to industry peers as a result of the portfolio being predominantly made up of new build housing and the tenure mix being weighted towards shared ownership. It is anticipated that the Company will have costs lower than the sector median due to these features of its portfolio.

The 2024 headline cost per unit was broadly in line with the target and below the sector median.

Metric 6a&b - Operating Margin 6a) 2024: 48.5%; Target: 34.2% 6b) 2024: 61.8%; 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. Metric 6b includes grant income whilst both metrics exclude gains/losses on Investment Property revaluation. The operating margin on both metrics is significantly ahead of the sector median as the Company’s operating model excludes typical expenses incurred such as payroll (as it is factored in the management fee) and lower repairs and maintenance costs due to the portfolio comprising new build homes. Metric 6a was ahead of target due to the higher average number of homes under management during the year whilst 6b was behind target due to fewer grant funded acquisitions being completed in the year.

Directors' Report Continued

Metric 7 - Return on capital employed 2024: 5.7%; Target: 8.9%

This metric compares the operating surplus to total assets less current liabilities and is a measure to assess the efficient use of capital. Total assets less current liabilities are taken at the Balance Sheet date of 31 December 2024. As the metric uses the year end asset position the performance is boosted by the recognition of income for most of the year in respect of homes disposed to other Legal & General Affordable Homes Registered Providers in Q4 2024. Performance is behind target due to lower grant income being recognised in the Income Statement as described in note 6 above.

Metric 8 - Net Promoter Score 2024: +63; 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 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 Company 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 of new build properties have consistently scored us high on Net Promoter Score throughout the year.

Even with our strong Net Promoter Score we recognise that there is room for improvement and in particular, we review all negative feedback and customer complaints to drive continuous improvement in our performance.

Metric 9 - More affordable housing in 2024: 975 units; Target: 1,507 units

This metric demonstrates the substantial impact the Company is making to the supply of new homes. As described above a change in the strategy for the Company following the emergence of additional Registered Providers in the Legal & General Affordable Homes business has resulted in lower volumes of completions in the year.

Metric 10 - Product quality 2024: 88% ; Target: N/A;

Product Quality is measured through a Likert scale with new customers of new build properties rating their home on a scale of 1 to 5 with 1 being Very Poor and 5 being Very Satisfied. For the year ended 31 December 2024 88% of new customers said they were either very satisfied or satisfied with the new home they have moved into. Notwithstanding the favourable scoring, we continue to work with our volunteer customer panel and suppliers to help shape and improve our product and service offerings.

Metric 11 - Environmental sustainability 2024: 97%; 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. The Company's target is for 85% or more of units developed to have an EPC rating of B or better. The Company is delivering 97% of homes at EPC B or better which is well above the performance of new homes in the wider English housing market.

The performance reported against this metric excludes the occupied stock portfolio that was acquired in the year and onward sold to sister company, Legal & General Affordable

Homes (Investment 1) Limited prior to the end of the year. These homes have been excluded on the basis that these homes were owned by Legal & General Affordable Homes (Investment 1) Limited at 31 December 2024 and captured in its reported performance.

Metric 12 - Truly affordable homes 12a) 2024: 63%; Target: less than 75% 12b) 2024: 33.6%; 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 85% of the homes acquired by the Company the rent charge cannot exceed 80% of market rent with the remaining 15% being social rent homes where rents are typically charged at 50% or less of market rent. With an average rent at 63% of market rent the Company is offering excellent value to its customers.

Metric 13 - Efficient model of operation 2024: 76.6%; Target: 73%

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 slightly ahead of 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 at forecast levels.

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. 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 Company and to prevent and detect fraud and other irregularities.

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

“The directors are responsible for preparing the Strategic Report, the Directors' Report and the Company financial statements in accordance with applicable law and regulations.

”

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/>.

Disclosure of information to auditors

Each of the Directors, who held office at the date the Directors' report is approved, confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

Ian Peters
Chair of the Board

Independent Auditor's Report

to the Members of Legal & General
Affordable Homes Limited

Opinion

We have audited the financial statements of Legal & General Affordable Homes Limited ("the Company") for the year ended 31 December 2024 which comprise the Balance Sheet, the Income Statement, the 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 affairs of the Company as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 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 Company 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 directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company'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 directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company'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 Company 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 directors and inspection of policy documentation as to the Company'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 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 directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company 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 Company 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 Company 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 Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety (including fire safety and building standards), recognising the regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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 Limited

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 fraud 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 directors are responsible for the other information, which comprises

the strategic report, the directors' report, the environmental, social and governance statement, and the Chair's statement. 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;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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.

Directors' responsibilities

As explained more fully in their statement set out on page 25, the directors 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 Company'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 Company 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company'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



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Balance Sheet

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Statement of Changes in Equity

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Income Statement

For the year ended 31 December 2024	Note	2024 £000	2023 £000
Revenue	3	44,193	23,063
Other income	4	584	592
Operating expenditure	5	(17,485)	(14,738)
Other gains and losses	6	(23,113)	(36,160)
Operating profit/ (loss) before interest and tax		4,178	(27,243)
Finance costs		(15,189)	(11,428)
Loss before tax		(11,011)	(38,671)
Tax credit	10	1,172	9,499
Loss for the year		(9,839)	(29,172)

The notes on pages 33 to 43 form an integral part of these financial statements.

The results for the current year 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

As at the year ended 31 December 2024	Note	2024 £000	2023 £000
Assets			
Non-current assets			
Investment property	11	565,687	504,968
Current assets			
Inventories	12	2,366	4,410
Cash at bank		4,494	22,762
Financial asset	13	24,032	48,133
Trade and other receivables	14	13,790	11,812
Deferred tax asset	15	9,698	10,446
		54,379	97,563
Liabilities			
Creditors: amounts falling due within one year			
Trade and other payables	17	19,381	39,289
Financial liability	13	24,032	48,133
Reservation deposits held		85	71
Loan facility	16	94,746	-
		138,245	87,493
Net current (liabilities)/ assets		(83,865)	10,070
Creditors: amounts falling due after more than one year			
Loan facility	16	195,481	188,525
		195,481	188,525
Net assets		286,340	326,513
Equity			
Share capital and premium	18	319,666	350,000
Retained earnings		(33,326)	(23,487)
Total equity		286,340	326,513

The notes on pages 33 to 43 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 17 June 2025 and were signed on their behalf on 26 June 2025 by:



Ian Peters
Board Member (Chair)
Legal & General Affordable Homes Limited (Company No. 11223470)

Statement of changes in Equity

For the year ended 31 December 2024	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
As at 1 January 2024	-	350,000	(23,487)	326,513
Loss for the year	-	-	(9,839)	(9,839)
Total comprehensive income for the year	-	-	(9,839)	(9,839)
Shares issued	-	20,312	-	20,312
Share premium repaid	-	(50,646)	-	(50,646)
As at 31 December 2024	-	319,666	(33,326)	286,340

For the year ended 31 December 2023	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
As at 1 January 2023	-	311,871	5,685	317,556
Loss for the year	-	-	(29,172)	(29,172)
Total comprehensive income for the year	-	-	(29,172)	(29,172)
Shares issued	-	38,129	-	38,129
As at 31 December 2023	-	350,000	(23,487)	326,513

The notes on pages 33 to 43 form an integral part of these financial statements.

Notes to Financial Statement

For the year ended 31 December 2024

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

Legal & General Affordable Homes Limited ('the Company') is a registered provider of social housing for profit. The financial statements of Legal & General Affordable Homes Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(j). 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 following exemptions from the requirements of IFRS have been applied

in the preparation of these financial statements, in accordance with FRS101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Statements: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers'
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items

in its financial statements, or when it reclassifies items in its financial statements),

- 16 (a statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements),
- 38B-D (additional comparative information),
- 40A-D (requirements for a third statement of financial position)
- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)

- IAS 7, 'Statement of cash flows'
 - Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.'

(b) Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Company has continued to model various scenarios around the impact of the 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 Company has the ability to draw down on committed capital from its parent Company. A £165m debt facility was fully drawn at the end of the year. Subsequent to the balance sheet date the Company also extended the term of its £125m revolving credit facility for a further 12 months. This will support the Company's business activities in the short term.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors 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 Company will have sufficient funds, through funding from its immediate parent, Legal and General Assurance Society Limited ('LGAS'), to meet its liabilities as they fall due for that period.

LGAS has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The Directors have considered plausible downsides which may impact the ability of LGAS to provide continued funding and have a reasonable expectation that the parent company has sufficient capital resources to meet funding commitments.

Consequently, the Directors are confident that the Company 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.

(c) 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 Company 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. The fair value is determined to be at Level 3 of the fair value hierarchy outlined in IFRS13 Fair Value Measurement. There have been no transfers between levels of the fair value hierarchy. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

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

- The Company holds its property to earn rentals and for capital appreciation which is the definition of Investment Property under IAS 40
- The Company 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 Company will hold its properties as Investment Property at fair value, with movements recognised through the Income Statement.

Derecognition of the relevant portion of the property takes place through subsequent staircasing. The difference between the net disposal proceeds and the carrying value of the related portion of the asset disposed is recognised in profit or loss in the period of recognition.

All of the investment property relates to the Company's share of the properties which they control and retain legal title to.

Shared ownership

Shared ownership is where initially a long operating lease on a property is granted through the sale of an initial portion to the occupier, in return for an initial payment (the first Tranche).

Shared owners have the right to acquire further tranches (staircasing) and any profit or loss on such subsequent sales are recognised in the Income Statement as a part disposal of Investment Properties.

(d) Inventory

Inventories are stated at the lower of cost and net realisable value and comprise projects under development and proportions of shared ownership properties allocated as first tranche sales.

(e) Financial Asset and Financial Liability

When completed Shared Ownership units are handed over to the Company from its sister development companies it recognises the residual element of the Shared Ownership units as Investment Property on its Balance Sheet. The unsold first tranche element is recognised as a current 'Financial Asset' and an equal 'Financial Liability' is recognised to reflect the future sale of which the proceeds are due to the sister development company. At the year end a review of the market value of the first tranche element is carried out with any adjustments resulting in a change to the financial asset and corresponding liability.

(f) Government Grants

Grant income is accounted for under the performance model. Grants on completed schemes are recognised in the Income Statement as revenue at the point of completion. Grants on schemes currently under development are recognised as a liability on the Balance Sheet up until the point of completion.

(g) 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.

(h) Revenue recognition

Revenue is stated excluding recoverable Value Added Tax and represents social housing related income from lets, first tranche sales and grant income. Please refer to the table below for revenue recognition by source.

Revenue source	Recognition, nature and timing
Rent and service charge income	Rent and service charge income is recognised in the Income Statement for the period that it relates to.
First tranche sales	Income from first tranche sales is recognised in the Income Statement at the point of legal completion of the sale.
Grant income	Grants on completed schemes are recognised in the Income Statement as revenue at the point of completion.

Rent and service charge income billing and collection is undertaken on behalf of the Company by the Company's network of management providers.

(i) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and

their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(j) Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis.

i) Significant estimates:

Investment Property

Investment Property is stated at fair value at the year end with changes in fair value recognised in the Income Statement. Changes to the estimates used to derive the market value will therefore impact on the results and financial position of the Company. Any decrease in valuation and subsequent profitability of the Company in the next 12 months is not expected to impact the long term strategy of the Company.

“
Revenue is stated excluding recoverable Value Added Tax and represents social housing related income from lets, first tranche sales and grant income.
”

Financial asset/liability - first tranche sales

At the year end a review of the market value of the first tranche element is carried out with any adjustments resulting in a change to the financial asset and corresponding liability. Changes to the estimates used to derive the market value will therefore impact on the financial position of the Company.

ii) Significant judgements:

Impairment

Determining whether inventories require any impairment requires judgement. As a result of the impairment reviews conducted for the year no indicators of impairment have been identified and no provisions have been required.

Deferred tax

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Segmental disclosure

The revenue and profit before tax is all attributable to the Company'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	27,573	17,543
First tranche sales	2,891	3,031
Grant income	13,729	2,489
	44,193	23,063

	2024 £000	2023 £000
Grants received		
Grant received recognised in the Income Statement	10,015	1,268
Grant received recognised on the Balance Sheet	1,886	-
	11,901	1,268

Grants on completed homes are recognised in the Income Statement at the point of completion. Grants on schemes currently under development are recognised as a liability on the Balance Sheet up until the point of completion.

4. Other income

	2024 £000	2023 £000
Interest received	250	592
Structuring fee	334	-
	584	592

The structuring fee was receivable by the Company for temporarily holding certain assets before their onward sale to a sister company, reflecting the Company's cost of capital for funding the assets during the holding period.

5. Operating expenditure

	2024 £000	2023 £000
Cost of sales	(3,283)	(3,109)
Direct costs	(7,958)	(6,013)
Administrative expenses	(1,818)	(1,017)
Fee under an Investment Management Agreement	(4,427)	(4,599)
	(17,485)	(14,738)

6. Other gains and losses

	2024 £000	2023 £000
Revaluation loss on Investment Property	(17,834)	(35,928)
Loss on disposal of Investment Property	(5,279)	(232)
	(23,113)	(36,160)

7. Audit fees

	2024 £000	2023 £000
Audit Fees	66	64
	66	64

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

8. Employees

The Company had no employees during the year (2023: nil).

9. Directors' emoluments

Certain Directors are employees of Legal & General Group and are not paid by the Company to undertake their activities as directors of the Company, and the costs are not paid by the Company however the costs included below represent a fair allocation of their remuneration in relation to the work they undertake for the Company.

	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 payments to the independent Non Executive Directors 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

10. Tax

	2024 £000	2023 £000
Current tax		
UK Corporation Tax		
- Current tax credit on losses for the year	(1,683)	(2,794)
- Adjustments in respect of prior years	(238)	250
Total current tax credit	(1,920)	(2,544)
Deferred tax		
- Origination and reversal of temporary differences	748	(6,783)
- Impact of change in tax rates	-	(172)
Total deferred tax charge/ (credit)	748	(6,955)
Tax credit on losses on ordinary activities	(1,172)	(9,499)

Factors affecting current tax credit for the period:

The current tax credit for the period is lower than the tax calculated at the standard rate of Corporation Tax in the UK for the year ended 31 December 2024 of 25% (2023: 23.5%). The differences are explained below:

	2024 £000	2023 £000
Loss on ordinary activities before tax	(11,011)	(38,671)
Tax credit calculated at the standard UK Corporation Tax rate of 25% (2023: 23.5%)	(2,753)	(9,088)
Effects of:		
Adjustments in respect of prior year current tax	(238)	250
Differences between taxable and accounting investment gains/ losses	4,341	-
Income not deductible for tax purposes	(2,523)	(488)
Impact of the revaluation of deferred tax balances to 25%	-	(172)
Tax Credit	(1,172)	(9,499)

Factors which may affect future tax charges

The Finance Act 2022 increased the rate of corporation tax from 19% to 25% from 1 April 2023. To calculate the current tax on profits, the rate of tax used is 25% (2023: 23.5%), which is the average rate of Corporation Tax applicable for the year. The prevailing tax rate of 25% has been used in the calculation of certain UK deferred tax assets and liabilities, as the rate of Corporation Tax that is expected to apply when all those deferred tax balances are expected to reverse.

11. Investment Property

	2024 £000	2023 £000
Valuation		
At 1 January	504,968	391,331
Additions	196,257	222,374
Disposals	(117,704)	(72,809)
Loss on revaluation of investment property	(17,834)	(35,928)
At 31 December	565,687	504,968
Investment Property by tenure:		
Shared ownership	390,447	328,331
Affordable rent	152,963	158,561
Social rent	22,276	18,076
At 31 December	565,687	504,968

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%
Staircasing rate (Shared Ownership properties only)	2.40%	2.40%
% of gross rent receivable	97.3% - 99%	97.3% - 99%

The assumptions around how much staircasing may arise in any one year relates to shared owners progressively acquiring a greater share of the property they have acquired on a part buy - part rent agreement with the Company.

The Company 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	614,826	548,547
	614,826	548,547

12. Inventories

	2024 £000	2023 £000
Shared ownership properties (First Tranche Sales)	2,366	4,410
	2,366	4,410

This is the portion of Shared Ownership properties held by the Company for sale to customers. There were no write-downs or reversal of prior period inventory write-downs. No inventories are carried at below cost.

13. Financial Asset & Liability

When completed Shared Ownership units are handed over to the Company from its sister development companies it recognises the residual element as Investment Property on its Balance Sheet. The unsold first tranche element is recognised as a current 'Financial Asset' and an equal 'Financial Liability' is recognised to reflect the future sale of which the proceeds are due to the sister development company. At the year end this asset and corresponding liability amounted to £24.0m (2023: £48.1m)

14. Trade and other receivables

	2024 £000	2023 £000
Trade debtors and accrued income	2,644	2,763
Loan capitalised costs	261	195
Intercompany debtors	5,411	4,696
Corporation Tax receivable	1,507	2,365
Accrued grant income	3,622	1,793
Other debtors	345	-
	13,790	11,812

15. Deferred tax asset

	2024 £000	2023 £000
At 1 January	10,446	3,491
Additional (expense)/ credit recognised during the year in the income statement	(748)	6,955
At 31 December	9,698	10,446

16. Loan facilities

Within one year

	2024 £000	2023 £000
Revolving credit facility	94,746	-
	94,746	-

During 2025 the term of the £125m revolving credit facility was extended for a further 12 months.

In more than one year

	2024 £000	2023 £000
Loan facility	195,481	188,525
	195,481	188,525

During the year the loan facilities were fully utilised. The loan balances reported above include loan accretion costs which have been added to the principal over the term of the loans.

17. Trade and other payables

	2024 £000	2023 £000
Intercompany creditors	15,370	36,110
Accruals	3,321	2,724
Trade creditors	645	-
VAT payable	46	46
Other creditors	-	409
	19,381	39,289

18. Share capital

	2024	2023	2023	2023
	Number of shares	£000	Number of shares	£000
At 31 December: ordinary shares of £1 each	15	-	14	-

18. Share capital

		Share Capital	Share Premium
Issued share capital, fully paid	Number of Shares	£000	£000
As at 1 January 2024	14	-	350,000
Issued shares during the year	1	-	20,312
Share premium repaid	-	-	(50,646)
As at 31 December 2024	15	-	319,666

During the year the Company's share capital was reduced by £50.6m through a reduction in the Company's share premium account. The reduction was undertaken as a repayment of capital without taking any amounts to a distributable reserve.

19. Contingent liabilities

The Company has acquired Shared Ownership homes which have been delivered with the support of £37.1m of government grant funding. In some circumstances, typically when a Shared Owner staircases, there arises an obligation to repay the grant to the relevant government body. This is treated as a contingent liability until the conditions for repayment are expected to apply, in which case the amount repayable is recognised as a liability on the Balance Sheet and deducted from the measurement of any gain on the staircase transaction.

20. Commitments

At 31 December 2024 the Company had committed to purchasing 722 homes (2023: 1,616 homes) at a value of £160.4m (2023: £314m) from its sister development companies, Legal & General Affordable Homes (Development) Limited, Legal & General Affordable Homes (Development 2) Limited and Legal and General Affordable Homes (Development 3) Limited. The commitments will be funded through a combination of debt and equity.

21. Ultimate parent undertaking

The immediate parent company is Legal and General Assurance Society Limited.

The ultimate parent company is Legal & General Group Plc, a company incorporated in England & Wales - the controlling party which consolidates the financial statements of the Company. These accounts therefore provide information about the Company as an individual undertaking. Copies of the accounts of the ultimate holding company, Legal & General Group Plc, are available on the Group website, www.legalandgeneralgroup.com or from the Company Secretary at the Registered Office, One Coleman Street, London EC2R 5AA.

22. Cash flow statement

The Company has taken advantage of the exemption under paragraph 8 (h) of FRS 101 from the requirements of IAS 7 Statement of Cash flows, and hence has not presented a cash flow statement.

23. Related party transactions

Transactions during the year relating to fees under an Investment Management Agreement to sister company Legal & General Affordable Homes (Operations) Limited amounted to £4.4m (2023: £4.6m). Transactions during the year relating to the handover of homes from its sister development companies amounted to £159.6m (2023: £222.4m). The sister development company, Legal and General Affordable Homes (Development 3) Limited, is a registered provider of social housing.

The Company also sold homes to Legal & General Affordable Homes (Capital) Limited and Legal & General Affordable Homes (Investment 1) Limited for c.£110m (2023: £nil). The sister company, Legal & General Affordable Homes (Investment 1) Limited is a registered provider of social Housing. L&G Affordable Housing GP Limited, a wholly owned subsidiary of Legal & General Group Plc acts as the general partner to L&G Affordable Housing LP which exercises ultimate control over Legal & General Affordable Homes (Capital) Limited, a registered provider of social housing.

Other related party transactions relate to transactions with one of the Company's legal advisors, Gowlings WLG (UK) LLP "Gowlings". A director of the Company is married to a partner at Gowlings. Although the partner is not involved in any of the transactions with the Company and Gowlings are on the Legal & General Group procurement framework, we are obliged to disclose the nature and amount of the transactions during the year. During the year £0.8m (2023: £0.5m) was billed by Gowlings to the Company and the year end creditor owed to Gowlings at 31 December 2024 amounted to £nil (2023: £nil).

24. Post balance sheet events

Subsequent to the balance sheet date the Company extended the term of its £125m revolving credit facility with Barclays Bank Plc for a further 12 months to February 2026.

Legal & General Affordable Homes (AR) PropCo

Registered in England and Wales
No. 11223470

Registered office:
One Coleman Street,
London EC2R 5AA.
RSH Registered number: 5062

