

ANNINGTON LIMITED

Half-Year

Condensed Consolidated Financial Statements

For the six months ended 30 September 2025

ANNINGTON LIMITED

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

CONTENTS	Page
Half-year report	2
Financial statements	11
Condensed consolidated income statement	11
Condensed consolidated statement of comprehensive income	12
Condensed consolidated balance sheet	13
Condensed consolidated statement of changes in equity	14
Condensed consolidated cash flow statement	15
Notes to the condensed consolidated financial statements	16
Statement of directors' responsibilities	30

NOTE ON FORWARD-LOOKING STATEMENTS

This Financial Report contains various forward-looking statements. These forward-looking statements reflect current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. Forward-looking statements are sometimes, but not always, identified by their use of the words “aim”, “anticipate”, “assume”, “believe”, “contemplate”, “continue”, “could”, “estimate”, “expect”, “forecast”, “intend”, “likely”, “may”, “might”, “plan”, “positioned”, “potential”, “predict”, “project”, “remain”, “should”, “will” or “would”, or, in each case, their negative, or similar expressions. Other forward-looking statements can be identified in the context in which the statements are made.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Many of these factors are beyond the control of the Group and are not possible to estimate precisely. Because these forward-looking statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Report.

Annington Limited expressly undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein. In addition, all subsequent written and oral forward-looking statements attributable to or made on behalf of Annington Limited are expressly qualified in their entirety.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

HIGHLIGHTS

- On 14 November 2025, the Group acquired a portfolio of 298 single family homes for £93.5 million through the purchase of Langoen Assets Limited.
- The Group's cash and cash equivalents balance at 30 September 2025 was £1.4 billion (31 March 2025: £1.4 billion), with cash being held to fund potential acquisitions, capital payments, committed refurbishment spend of over £87 million and the working capital requirements of the Group. The Group continues to review prospective acquisitions and is well positioned to take advantage of market opportunities.
- Rental income was £6.7 million (30 September 2024: £126.8 million).
- Adjusted EBITDA was (£2.3) million (30 September 2024: £115.7 million).
- Loss after taxation was £3.9 million (30 September 2024: Profit of £142.9 million).
- The carrying value of the Group's investment properties is £327.7 million (31 March 2025: £330.8 million).
- The Group sold 52 (30 September 2024: 310) investment properties and recognised £18.5 million (30 September 2024: £82.4 million) in gross sales proceeds.
- The Group completed refurbishment of 123 (30 September 2024: 122) investment properties and subsequently returned them to active usage.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Introduction

Annington continues to play a significant part in addressing the current housing shortage in the UK housing market, building on its long-term track record as a provider of affordable residential housing in the UK, by growing and investing in its existing portfolio, through a combination of acquisitions (focusing on the highly attractive and growing UK rentals market), infill development and organic growth.

This review covers the key areas of the business and updates performance subsequent to the Group's last annual report.

Operational Update

Operate a high performing rentals portfolio

As of 30th September, the portfolio consisted of 1,517 (31 March 2025: 1,570) Units. Additionally, the Group holds a number of sites which present infill and redevelopment opportunities, including at Brize Norton, which was released from the MQE in a prior year and originally comprised of 87 Units, which were demolished by the MoD prior to release.

Of the Units which were available to let at period end, over 95% were rented, to a combination of the general public, the MoD and local authorities. Those Units not available for let, are either undergoing refurbishment projects or have been made available for sale on the open market. During the period, the Group recorded average rental uplifts of 8.4% on the AST portfolio, which compares favourably to the ONS market average of 7.7% in the 12 months to March 2025 outlined in the market section review.

Active asset management

In line with the Group's continuing commitment to maximise value, during the period, the Group spent £18.5 million (2024: £20.1 million) on refurbishment projects, including £2.9 million (2024: £4.5 million) on utilities projects to ensure that homes can be reconnected to public utilities infrastructure. Refurbishment works are currently ongoing across 13 projects, with a further 5 already completed within the year. Works vary greatly in nature, depending on the specific circumstances of the Units in question.

Significant projects include Deepcut which is a collection of 229 properties of varying size, style and construction, split across 4 distinct projects. All but 12 of the properties will undergo a full refurbishment, including significant external enhancements and street scene improvements. The whole site is base dependant for electricity, with the first phase of the separation works now nearing completion before the first 19 units are taken to market for private rent at the end of November 2025.

Looking forward, the Group is well placed to continue carrying out asset management projects and development works across multiple different sites. As at the date of signing of the half year accounts, the Group is committed to spend over £87 million on refurbishment and utilities projects, including the £18.5 million spent since year-end. As part of the consideration for the sale of the MQE, the MoD agreed to transfer additional property with an aggregate value of £55 million. These properties will be identified within 12 months of the completion date of the sale and be added into our extensive existing portfolio once subsequently transferred. Conversations with the MoD are ongoing to manage this process and the Group will examine all potential options on a Site-specific basis. In keeping with the Group's past experience of appraising options for Units released by the MoD, once these properties are in the portfolio, they will be subject to existing appraisal processes to identify whether they should be relet or sold.

Throughout the period, the Group sold 52 Units which didn't align with the Group's strategic plans. Please refer to the property disposals section of the Finance Review for further details.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Undertaking planning and development initiatives where appropriate

The group continues to make progress with development opportunities within the portfolio. As at 30th September 2025, a reserved matters application has been submitted for 9 homes in Abingdon, 28 homes in Cranwell and 2 homes in Deepcut on a full planning application basis, with GDV in excess of £10 million.

In addition, during the period, the Group successfully concluded the sale of land with the benefit of an outline consent for 27 homes in Bushey for a gross consideration of £4.2 million. The group continues to appraise and bring forward other development opportunities with the capacity to deliver over 200 new homes, subject to planning and viability assessments.

The combination of the £87 million spent or committed to be spent on refurbishment projects, the potential refurbishment of the £55 million of properties to be transferred by the MoD, and the planning and development projects outlined above, provide the Group with a substantial organic pipeline funded from proceeds held on the balance sheet.

Identifying new investment opportunities

The Group's focus is to acquire stable quality UK residential assets with a focus on single family homes. Given the Group's cash and cash equivalents balance at 30 September 2025 of over £1.4 billion, it is well placed to take advantage of opportunities and has conducted due diligence on a range of significant portfolios in the period. On 14 November 2025, the Group acquired 298 homes for £93.5 million. The Group continues to pursue suitable investments which provide a stable quality asset with an attractive yield.

ESG

The Group has continued to consider its ESG objectives through all its refurbishment projects. Notably, at Fort Halsted, where the properties currently utilise LPG tanks located on land outside of Annington ownership and as such an alternative heating/hot water source has been considered. A new high temperature ASHP will be installed to all units, which removes the need to install new gas supply infrastructure, as well as significantly improving the EPC score and Dwelling Emission Rate of the properties. The EPC band will improve from existing E to a design performance of a B with a reduction of over 55% to the DER.

The Group also completed the Annington Challenge for the 7th year in a row and has committed to running it again in 2026.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Market Environment and Outlook

In the 12 months to September 2025, annual rental growth inflation in the UK market continued to slow to the lowest rate since November 2022. The stabilisation of rent inflation comes following persistent constraints in tenant affordability reaching a “ceiling” after a few years of sharp rises. In addition, there has been a gradual rebalancing in tenant demand and supply, with the number of available rental homes up 9% year-on-year, as well as improved mortgage availability for first time buyers.

Further rental market stability may be seen due to the Renters’ Right Bill, enacted in October 2025, which abolishes Section 21 “no-fault” evictions, introducing a rolling periodic tenancy structure and allowing rent increases only once per year to the market rate, giving more protection to tenants and containing growth. However, the increased landlord costs, may encourage landlords to leave the sector, limiting supply and pushing up rents.

The Office of National Statistics (‘ONS’) Price Index of Private Rents (‘PIPR’) reported an annual increase in UK monthly private rents of 5.5% in the 12 months to September 2025. This is a continued deceleration from the record-high annual increase of 9.2% in March 2024 to 7.7% in the 12 months to March 2025 and marks the lowest rate in nearly 3 years. Savills forecasts UK rental growth of 2.0% in 2026 and 12.0% in 5 years to 2030.

The Bank of England’s base rate has been held at 4.0% since August 2025, a 0.5% decrease from March 2025, and the lowest rate since March 2023. In line with the base rate cuts, mortgage rates have gradually been declining, with the average 5-year fixed rate dropping below 5% for the first time since May 2023. With stronger borrowing power and lowered interest rates, first-time buyers are leading the UK market, constituting nearly 40% of all property sales.

Selling prices for UK houses have grown steadily in the 12 months to September 2025, rising by 3.0% across the period to an average of £273,000, slowing slightly from 3.2% in the 12 months to July 2025. CBRE forecasts UK house prices to peak at 5.6% in 2026 with interest rates coming down further.

Outlook

The Group continues to proactively manage its operations, including assessment of opportunities to enhance values, active management of tenancies and rental levels and a dynamic approach to disposal route and pricing.

At the period end, the Group has a significant cash balance and a dynamic portfolio of assets (which has expanded since the period end and will also receive a further £55 million of properties from the MoD). The Group continues to be one of the UK’s largest investors in the single family private rented sector with a long-term business plan to continue investing in similar UK residential real estate assets using proceeds from the transaction.

With over two decades of experience in the UK private rental and housing markets, Annington is a well-established real estate investor with a deep, technical skillset and proven track record. With the support of its shareholders, Annington will continue to be a property investment company and Annington’s objective continues to be to acquire stable quality assets with an attractive yield which will likely focus on single family homes but may also include other residential/living sector real estate investments.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Key Performance Indicators

The Group measures Key Performance Indicators ('KPI's) based on the controllable variable drivers of its activities.

Financial KPI	30 September 2025 £ millions	30 September 2024 £ millions	Management commentary
Gross rental income	6.7	126.8	Gross rental income has decreased by £120.1 million in the six months ended 30 September 2025 due to the sale of the MQE portfolio constituting over 36,344 units.
Net rental income margin on operational units	75.0%	98.7%	<p>Net rental income margin measures the profitability of the Group's rental operations, expressing net rent as a percentage of gross rental income.</p> <p>The margin has decreased due to a change in the composition of the investment property portfolio.</p>
Adjusted EBITDA	(2.3)	115.7	<p>Adjusted EBITDA is used to measure the normalised earnings of the business by removing exceptional and irregular items of profit and loss and aims to make comparisons more meaningful across different periods.</p> <p>Adjusted EBITDA has decreased broadly in line with the movement in gross rental income discussed above, offset slightly by improvements to the net rental yield.</p>
Free cash flow	20.1	110.7	<p>This measure is used to assess the cash generated to be utilised on discretionary purchases or dividends.</p> <p>Free cash flow has decreased by £90.6 million, principally driven by the loss of two quarters of MQE rent receipts which amounted to £122.7 million in prior period.</p>
Net rental yield on operational units	3.1%	3.4%	This measure is used to assess rental yields on operational investment property carrying values. The increase in the yield is reflective of changes within the portfolio post MQE sale as discussed above.

Set out above are a number of measures the Group uses to monitor performance against its objectives. Certain of these measures are not defined within IFRS and are defined and reconciled in Appendix 1.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Finance Report

Gross rental income

Gross rental income for the six months ended 30 September 2025 has decreased by £120.1 million to £6.7 million for the six months ended 30 September 2025. The decrease predominantly relates to £120.6 million of rental income from the MQE portfolio generated in comparative period prior to the sale on 9 January 2025. Until the Group identifies suitable investment opportunities, monies from the sale of the MQE are being invested in interest bearing deposits and short-term government instruments to receive finance income.

Rental income from the Group's remaining portfolio has increased from £6.2 million for the six months to September 2024 to £6.7 million for the six months ended September 2025. The increase in income is a result of the addition of c.127 properties to the portfolio since September 2024 (c.£0.5 million), as well as a 6.3% increase in like-for-like rental income, contributing to a £0.4 million uplift. These increases were offset by the reduction in income as a result of the disposal of properties previously rented within the portfolio (c.£0.4 million).

Occupancy within the Portfolio averaged 95.2% (30 September 2024: 96.9%) for the six months to September 2025, when normalised to exclude Units which were not available to be let.

Adjusted EBITDA

Adjusted EBITDA measures the business's normalised performance, reflecting the underlying operations of the Group. Adjusted EBITDA for the six months ended 30 September 2025 was -£2.3 million (30 September 2024: £115.7 million). The decrease in Adjusted EBITDA in the year is the result of the loss in rental income previously generated by the MQE portfolio. For further information on the calculation of this measure, refer to the section on Alternative Performance Measures, Appendix 3.

Property disposals

The Group sold 52 units in the first half of the year (30 September 2024: 310) that were considered not to be a strategic fit with the wider portfolio. Profit on disposal of investment properties amounted to £2.3 million in the period (30 September 2024: £16.0 million). The profit on investment property disposals is reflective of the sales proceeds being in excess of a book value determined by CBRE at March 2025.

Cash flows

The Group ended the period with cash and cash equivalents of £1,469.1 million, an increase of £20.2 million from £1,448.9 million at 31 March 2025, mostly due to interest income received and some proceeds from sales of investment properties. The cash is being held while the Group reviews investment opportunities, assessing the market for suitable investments which provide a stable quality asset with an attractive yield. Until suitable investment opportunities are identified and acquired, the Group will continue to invest this cash in interest bearing deposits and short-term government instruments to maximise returns.

The Group spent £18.5 million (2024: £20.1 million) on refurbishment projects during the period, including £2.9 million (2024: £4.5 million) on utilities projects to ensure that homes can be reconnected to public utilities infrastructure.

The Group uses free cash flow to determine cash available to distribute or reinvest. The Group has defined free cash flow as the net increase/decrease in cash for the period adjusted for capital raised and dividends paid and payments for the purchase or construction of new investment properties. The free cash flow for the six months ended 30 September 2025 was £20.1 million (30 September 2024: £113.2 million), the decrease is reflective of loss of the MQE rent receipts.

Investment Property

The investment property portfolio has been valued using a range of approaches, including discounted cash flows, income capitalisation techniques and discount to vacant possession. The carrying value of the Group's investment property portfolio has decreased slightly, due to the property disposals outlined above, from £330.8 million at 31 March 2025 to £327.7 million at 30 September 2025.

The Group uses SAVPV (defined in more detail in the Glossary) to measure the change in value of the portfolio's underlying assets. The SAVPV for the portfolio was valued by CBRE at £347.2 million at 30 September 2025 (31 March 2025: £356.5 million).

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Financing

The Group's debt at 30 September 2025 was £720.6 million, a net increase of £0.1 million from £720.5 million at 31 March 2025. The movement is due to amortising capitalised issue costs, offset slightly by a £0.1 million repayment on the 2034 bond.

At 30 September 2025, the Group held over £1.4 billion in cash balances and had the following bonds in issue.

Principal Amount	Currency	Final Maturity	Coupon
1.5m	GBP (£)	12-Jul-29	3.184%
178.2m	GBP (£)	06-Oct-32	2.308%
1.3m	GBP (£)	12-Jul-34	3.685%
194.9m	GBP (£)	12-Jul-47	3.935%
354.5m	GBP (£)	06-Oct-51	2.924%

The weighted average maturity of the Group's debt at 30 September is 20.2 years (down from 20.7 years at 31 March 2025) with a weighted average cost of 3.05% (31 March 2025: 3.05%).

The Group's covenants attaching to the bonds are set out below.

Covenant	Test	Limit for Bonds	Limit for Loans	30 September 2025	31 March 2025
Limitation on Debt	Total debt / Total assets	<65%	<65%	*	*
Limitation on Secured Debt	Secured debt / Total assets	<40%	<40%	-	-
Interest Cover Ratio	Consolidated EBITDA / Interest	1.0x (dividend lockup at 1.3x)	1.15x (dividend lockup at 1.3x)	15.9x	1.87x
Unencumbered Assets	Unencumbered assets / Unsecured Debt	>125%	>125%	*	*

* Due to the surplus of cash at 30 September 2025 and 31 March 2025, the Group is not in a net indebtedness position.

Cash retained in the business generated interest income of £30.0 million in the six months to 30 September 2025 (30 September 2024: £3.8 million), reflecting the cash balance of £1.4 billion held following the MQE sale. These funds have been invested in term deposits and government securities to maximise returns, whilst managing counterparty risk.

During the period, the Group incurred £1.1 million of professional fees relating to an extraordinary resolution to replace the Trustee of the Group's bond portfolio which arose in the current financial year. As at the date of signing, no replacement trustee has been appointed.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Taxation

Annington Limited's immediate parent entity, Annington Holdings (Guernsey) Limited ('AHGL'), previously confirmed to the Board of Annington Limited that it qualified as an Open Ended Investment Company, and consequently, as a Collective Investment Vehicle, and had made an exemption election under the Non Resident Capital Gains Tax legislation. Whilst the Group holds proceeds from the MQE sale to re-invest, the Group ceases to be property rich (i.e. 75% of value derived from UK property) and does not meet this condition for the exemption election. The Group had a temporary period of 9 months where the election remained valid which ended on 9 October 2025.

As this condition was not met at the end of temporary period, the exemption from paying CGT on property disposals in the UK ceases to apply, such that disposals in this 9 month period are subject to capital gains tax. The confirmation that the Group did not become property rich at the end of the temporary period is an adjusting subsequent event and so an additional deferred tax liability of £26.6 million has been recognised at 30 September 2025. This has been partly offset by a £13.3 million increase in the deferred tax asset as at 30 September 2025.

Overall, a deferred tax asset of £17.2 million (2025: £3.5 million) has been recognised, leaving £212.2 million of unrecognised deferred tax assets (2025: £233.4 million). Deferred tax assets have been recognised based on the Group's reasonable expectation that their utilisation is probable based on internal forecasts where evidence exists to support the generation of future taxable profits and to offset the deferred tax liability recognised on the valuation uplift of investment properties.

ANNINGTON LIMITED

HALF-YEAR REPORT

For the six months ended 30 September 2025

Principal risks and uncertainties

There are a number of principal risks and uncertainties faced by the Group which could have a material impact on the Group, causing actual results to differ from expected and historical performance. These principal risks and uncertainties have been set out in detail within the Strategic Report of the Annual Report and Accounts for 31 March 2025. Following the sale of Annington's interests in the MQE to the MoD, many of the principal risks and uncertainties which relate specifically to the MQE have been reduced or eliminated. The Annual Report referenced above is available at www.annington.co.uk.

I Rylatt

Director

9 December 2025

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ANNINGTON LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2025

		Six months ended	
		30 September 2025	30 September 2024
	Note	(unaudited) £'000	(unaudited) £'000
Property rental income	2	6,719	126,806
Property operating expenses	2	(3,937)	(4,196)
Net rental income		2,782	122,610
Other operating income	3	16	1,948
Administrative expenses		(7,047)	(9,790)
Other operating expenses		(672)	(148)
Enfranchisement proceedings costs	3	-	(2,379)
Profit on disposal of investment properties	4	2,301	16,013
Unrealised property revaluation gain	7, 12	400	93,440
Loss on disposal of inventory		-	(12)
Share of results of joint ventures after taxation	8	126	80
Operating (loss)/profit	3	(2,094)	221,762
Finance income	5	29,165	3,839
Finance costs	5	(12,665)	(76,560)
Trustee replacement costs	5	(1,060)	-
Profit before taxation		13,346	149,041
Taxation	6	(17,214)	(6,122)
(Loss)/Profit for the period after taxation		(3,868)	142,919
(Loss)/Profit attributable to shareholder		(3,868)	142,919

The accompanying Notes (1 to 17) should be read in conjunction with these financial statements.

ANNINGTON LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2025

	Six months ended	
	30 September 2025	30 September 2024
	(unaudited) £'000	(unaudited) £'000
Note		
(Loss)/Profit for the period	(3,868)	142,919
Items that may subsequently be recycled through the income statement		
Cash flow hedge:		
Fair value losses on cash flow hedge	-	(1,396)
Gains arising on cash flow hedge reclassified to income statement	-	1,723
Reclassification of discontinued cash flow hedge	-	33
	<hr/>	<hr/>
Total other comprehensive income	-	360
	<hr/>	<hr/>
Total comprehensive (loss)/income for the period	(3,868)	143,279
	<hr/>	<hr/>
Total comprehensive (loss)/income attributable to shareholder	(3,868)	143,279
	<hr/>	<hr/>

The accompanying Notes (1 to 17) should be read in conjunction with these financial statements.

ANNINGTON LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2025

		30 September 2025 (unaudited) £'000	31 March 2025 (audited) £'000
	Note		
Non-current assets			
Investment properties	7	315,921	312,410
Plant and equipment		635	691
Right-of-use assets		3,395	3,654
Investment in joint ventures	8	999	694
Deferred tax assets	6	17,175	3,503
		<u>338,125</u>	<u>320,952</u>
Current assets			
Trade and other receivables	9	57,072	68,909
Cash and cash equivalents		1,468,921	1,448,868
		<u>1,525,993</u>	<u>1,517,777</u>
Investment properties held for sale	7	11,733	18,375
Total assets		<u>1,875,851</u>	<u>1,857,104</u>
Current liabilities			
Trade and other payables		(19,276)	(19,094)
Lease liabilities	11	(541)	(544)
Loans and borrowings	10	-	-
Provisions	12	(5,864)	(10,367)
		<u>(25,681)</u>	<u>(30,005)</u>
Non-current liabilities			
Trade and other payables		(569)	(606)
Loans and borrowings	10	(720,591)	(720,516)
Lease liabilities	11	(2,874)	(3,115)
Deferred tax liabilities	6	(26,717)	(164)
Provisions	12	(15,784)	(15,195)
		<u>(766,535)</u>	<u>(739,596)</u>
Total liabilities		<u>(792,216)</u>	<u>(769,601)</u>
Net assets		<u>1,083,635</u>	<u>1,087,503</u>
Capital and reserves			
Share capital		-	-
Merger reserve		(10,000)	(10,000)
Retained earnings		1,093,635	1,097,503
Total equity		<u>1,083,635</u>	<u>1,087,503</u>

The accompanying Notes (1 to 17) should be read in conjunction with these financial statements.

The financial statements on pages 10-29 were approved by the Board of Directors on 9 December 2025 and signed on its behalf by:

S Leung
Director

ANNINGTON LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2025

	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2024	84,756	480,401	(10,000)	(360)	3,108,765	3,663,562
Total comprehensive income for the period	-	-	-	360	142,919	143,279
At 30 September 2024 (unaudited)	<u>84,756</u>	<u>480,401</u>	<u>(10,000)</u>	<u>-</u>	<u>3,251,684</u>	<u>3,806,841</u>
At 1 April 2025	-	-	(10,000)	-	1,097,503	1,087,503
Total comprehensive loss for the period	-	-	-	-	(3,868)	(3,868)
At 30 September 2025 (unaudited)	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>1,093,635</u>	<u>1,083,635</u>

The accompanying Notes (1 to 17) should be read in conjunction with these financial statements.

ANNINGTON LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2025

		Six months ended	
	Note	30 September 2025 (unaudited) £'000	30 September 2024 (unaudited) £'000
Cash generated from operations	13	954	112,928
Net tax paid		(2,700)	(5,400)
Net cash (outflow)/inflow from operating activities		(1,746)	107,528
Investing activities			
Net proceeds from sale of investment properties		17,900	80,445
Development and acquisition of investment properties	7	(2)	(47)
Refurbishment expenditure on investment properties	7	(12,195)	(5,663)
Purchase of plant and equipment		(3)	(28)
Investment in joint ventures		(179)	-
Interest received		28,189	3,839
Net cash inflow from investing activities		33,710	78,546
Financing activities			
Interest and other financing costs		(11,429)	(75,061)
Repayments made on borrowings		(89)	(146,934)
Payments made on settlement of swaps		-	(5,088)
Interest payments on lease obligations		(109)	(115)
Principal payments on lease obligations		(284)	(256)
Net cash outflow from financing activities		(11,911)	(227,454)
Net increase/(decrease) in cash and cash equivalents		20,053	(41,380)
Cash and cash equivalents at the beginning of the period		1,448,868	196,435
Exchange differences on cash and cash equivalents		-	(45)
Cash and cash equivalents at the end of the period		1,468,921	155,010

The accompanying Notes (1 to 17) should be read in conjunction with these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements for the six months ended 30 September 2025 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the United Kingdom and the accounting policies, significant judgements and key estimates, as set out in the Group’s Annual Report and Accounts 2025. The Group’s Annual Report and Accounts 2025 can be found on the Group’s website www.annington.co.uk. The half-year condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2025, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the United Kingdom.

The condensed consolidated financial statements have not been audited. The financial information included in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the Group’s audited statutory accounts for the year ended 31 March 2025 has been released/delivered to the Registrar of Companies. The independent auditor’s report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The condensed financial statements are presented in pound sterling, which is the functional currency of the Company. All values are rounded to the nearest thousand (£’000), except where otherwise indicated.

New and amended standards applicable to the reporting period

The Group has adopted all new accounting standards, interpretations and amendments, which have become effective for the period ended 30 September 2025. The application of these has had no material impact on the Group’s financial statements.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the following new and revised IFRSs have been issued and adopted by the UK Endorsement Board (‘UKEB’) but are not yet effective:

New/Amended Standards and Interpretations		Effective date (annual periods beginning on or after)
SASB Standards Amendments	Amendments to enhance international applicability	1 January 2025
IFRS 9 and IFRS 7 Amendments	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual IFRS Improvements	Amendments to IFRS 9 to ensure internal consistency with IFRS 15 Revenue from Contracts with Customers and improve clarity around lease liability derecognition for a lessee	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027

These standards and interpretations have not been early adopted by the Group and are not expected to have a material impact on the consolidated financial statements of the Group in future periods.

Going concern

At 30 September 2025, the Group, through Annington Funding Plc (‘AFP’), had £0.7 billion of outstanding unsecured corporate bonds in five tranches. The Group also held over £1.4 billion of cash and cash equivalents at period end. These funds are being held while the Group reviews investment opportunities, assessing the market for suitable investments which provide a stable quality asset with an attractive yield. Until suitable investment opportunities are identified and acquired, the Group will continue to invest this cash in interest bearing deposits and short-term government instruments to maximise returns, whilst managing counterparty credit risk, maintaining the Group’s position of financial strength and therefore helping to support its future strategy of growing its investment property portfolio.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to the significant cash reserves at period end and the associated finance income prior to the funds being deployed in future acquisitions, the Group continues to meet its day-to-day working capital requirements primarily from rental income. This rental income is supplemented by property sales on Units which are not considered to be a strategic fit with the wider portfolio. The Group forecasts that these income sources, alongside the cash on hand at period end, provide significant funding for the Group's operations, including capital investments, working capital requirements and interest payments for the foreseeable future. These forecasts also consider the covenants which are attached to the Group's debt and future principal payments owing. The covenants are set out in the Financial Review section and the Group's forecasts do not indicate any of these covenants will be breached in the foreseeable future. Furthermore, the next debt principal maturity of £1.5 million is not until July 2029.

The Board has taken into account the effects of current market conditions, including inflation and interest rates, geopolitical tensions in the Middle East, the war in Ukraine and continuing uncertainty regarding tariffs imposed by the USA. Possible downside effects considered included falling house prices, falling rental values and increased arrears from tenants. In all circumstances, cash reserves were shown to be sufficient to fund the continued operation of the Group within the next 12-18 months.

After making enquiries, the directors have assessed that the Group has and will continue to hold sufficient cash and generate sufficient cash flows to settle their obligations as and when they fall due. Based on this analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of these condensed financial statements. Accordingly, they adopt the going concern basis in preparing the condensed consolidated Financial Statements.

Seasonality

The Group's business is not deemed to be highly seasonal. It is therefore not necessary to disclose the consolidated income statement for the full year ended 31 March 2025.

2. PROPERTY AND NET RENTAL INCOME

Property rental income – Revenue recognition

Property rental income from investment properties is accounted for on an accruals basis and recognised on a straight-line basis over the operating lease term. Rent increases arising from Rent Reviews not able to be determined at the outset of the lease are taken into account when such reviews have been settled with the tenants. Lease incentives and costs associated with entering into tenant leases are amortised over the lease term.

	Six months ended	
	30 September 2025 (unaudited) £'000	30 September 2024 (unaudited) £'000
Property rental income	6,719	126,806
Property operating expenses on operational units	(1,677)	(1,675)
Property operating expenses on non-operational units	(2,260)	(2,521)
Net rental income	<u>2,782</u>	<u>122,610</u>

Net rental income

Net rental income comprises property rental income less property operating expenses. Property operating expenses are expensed as incurred.

The Group generates substantially all of its net rental income, profits before taxation and net assets from residential property investment in England and Wales.

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

3. OPERATING PROFIT

Operating profit is stated after other operating income, charging depreciation, and before finance income and finance costs.

	Six months ended	
	30 September 2025	30 September 2024
	(unaudited)	(unaudited)
	£'000	£'000
Depreciation of plant and equipment	58	176
Depreciation of right-of-use assets	300	311
Loss on disposal of right-of-use assets	2	1
	<u> </u>	<u> </u>
Other operating income		
Dilapidation income	16	1,947
Sundry income	-	1
	<u> </u>	<u> </u>
Total other operating income	<u>16</u>	<u>1,948</u>

In the prior period, the Group incurred £2.4 million of costs to legally challenge the MoD's attempt to enfranchise eight Units forming part of the MQE. These costs were material and outside the normal scope of the Group's operations and so were disclosed separately in the income statement due to their exceptional nature. The sale of the MQE brought an end to all ongoing legal proceedings between Annington and the MoD, therefore no further amounts have been incurred in the current period.

4. PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES

Gains or losses on the sale of properties are accounted for on a legal completion of contract basis. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

	Six months ended	
	30 September 2025	30 September 2024
	(unaudited)	(unaudited)
	£'000	£'000
Sales proceeds	18,542	82,447
Selling costs	(473)	(2,001)
	<u> </u>	<u> </u>
Net disposal proceeds	18,069	80,446
Carrying value of properties disposed	(15,503)	(64,740)
Late cost adjustments incurred on units sold	(265)	307
	<u> </u>	<u> </u>
	<u>2,301</u>	<u>16,013</u>

During the period, the Group disposed of 52 properties (30 September 2024: 310 properties).

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

5. FINANCE INCOME AND COSTS

	Six months ended	
	30 September 2025	30 September 2024
	(unaudited)	(unaudited)
	£'000	£'000
Finance income		
Interest receivable	29,165	3,839
Total finance income	29,165	3,839
Finance costs		
Interest payable on unsecured fixed rate notes	11,138	59,433
Gain on bond modification	(11)	
Amortisation of discount and issue costs and finance expenses	174	914
Interest payable on bank loans	-	14,226
Foreign exchange gains on financing	-	(1,271)
Losses arising on designated hedging instruments in cash flow hedges reclassified from equity to income statement	-	1,723
Unwinding of discount on provisions	948	952
Other finance expenses	307	468
Finance costs on lease transactions	109	115
Total finance costs	12,665	76,560

During the period, the Group incurred £1.1 million of professional fees relating to an extraordinary resolution to replace the Trustee of the Group's bond portfolio which arose in the current financial year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2025 (continued)

6. TAXATION

The Group has estimated the effective annual tax rate in each jurisdiction in which it is taxed. The effective tax rate for the interim period is calculated with reference to the anticipated operations and result of the Group for the full tax year. Any known adjustments to the opening figure, based on additional work performed on the closing tax losses reported in the preceding annual report and accounts, are also reflected in the movement for the period.

The Group's effective tax rate has been assessed as 31.0% (30 September 2024: 11.0%).

	2025	2024
	£'000	£'000
Current tax		
Group effective tax rate at 31% (2024: 11%)	(4,137)	(16,395)
Deferred tax recognised in income statement		
Deferred taxation liability: origination on investment properties	(26,554)	-
Deferred taxation asset: origination and loss utilisation	13,477	10,273
Total taxation for the year recognised in income statement	<u>(17,214)</u>	<u>(6,122)</u>

Annington Limited's immediate parent entity, Annington Holdings (Guernsey) Limited ('AHGL'), previously confirmed to the Board of Annington Limited that it qualified as an Open Ended Investment Company, and consequently, as a Collective Investment Vehicle, and had made an exemption election under the Non Resident Capital Gains Tax legislation. Whilst the Group holds proceeds from the MQE sale to re-invest, the Group ceases to be property rich (i.e. 75% of value derived from UK property) and does not meet this condition for the exemption election. The Group had a temporary period of 9 months where the election remained valid which ended on 9 October 2025.

As this condition was not met at the end of temporary period, the exemption from paying CGT on property disposals in the UK ceases to apply, such that disposals in this 9 month period are subject to capital gains tax. The confirmation that the Group did not become property rich at the end of the temporary period is an adjusting subsequent event and so an additional deferred tax liability of £26.6 million has been recognised at 30 September 2025. This has been partly offset by a £13.3 million increase in the deferred tax asset as at 30 September 2025.

Overall, a deferred tax asset of £17.2 million (2025: £3.5 million) has been recognised, leaving £212.2 million of unrecognised deferred tax assets (2025: £233.4 million). Deferred tax assets have been recognised based on the Group's reasonable expectation that their utilisation is probable based on internal forecasts where evidence exists to support the generation of future taxable profits and to offset the deferred tax liability recognised on the valuation uplift of investment properties.

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

7. INVESTMENT PROPERTIES

The Group's standard accounting policy is to complete an external valuation of the portfolio as part of the year end and does not normally undertake an interim valuation for the half-year results. IFRS allows for a higher degree of estimation for interim reporting and historically, the Group has used previous year end valuations adjusted for additions and disposals as an estimate of book values for interim reporting. Due to the volatility in the market, it was considered appropriate for a full valuation to be undertaken as at 30 September 2024 and 30 September 2025 to ensure the reported value of the investment properties reflected the market conditions at those dates.

30 September 2025 (unaudited)	Investment properties £'000	Investment properties held for sale £'000	Total £'000
Valuation			
Carrying value at 1 April 2025	312,410	18,375	330,785
Additions – development and acquisitions	2	-	2
Additions – refurbishment expenditures	13,961	-	13,961
Disposals	(4,327)	(11,176)	(15,503)
Change in utilities obligation	(611)	-	(611)
Transfers between investment properties and properties held for sale	(4,361)	4,361	-
Unrealised property revaluation (losses)/gains	(1,153)	173	(980)
Total carrying value at 30 September 2025	315,921	11,733	327,654

31 March 2025 (audited)	Investment properties £'000	Investment properties held for sale £'000	Total £'000
Valuation			
Carrying value at 1 April 2024	7,324,864	42,433	7,367,297
Additions – development and acquisitions	182	-	182
Additions - refurbishment expenditure	11,838	-	11,838
Disposals	(6,983,457)	(42,433)	(7,025,890)
Change in utilities obligation	1,360	-	1,360
Transfer to investment properties held for sale	(17,008)	17,008	-
Unrealised property revaluation losses	(25,369)	1,367	(24,002)
Total carrying value at 31 March 2025	312,410	18,375	330,785

Properties would have been included on an historical cost basis at £147.9 million (31 March 2025: £140.9 million).

As at 30 September 2025 there were 52 (31 March 2025: 72) investment properties classified as held for sale, with disposal expected within the next 12 months.

	30 September 2025 (unaudited) £'000	31 March 2025 (audited) £'000
Reconciliation of fair value to carrying value:		
Fair value as estimated by the external valuer	321,329	320,797
Add: amounts included in utilities provision	6,325	9,988
Carrying value for financial reporting purposes	327,654	330,785

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

7. INVESTMENT PROPERTIES (continued)

IFRS requires the fair value of investment properties be adjusted for assets or liabilities recognised separately on the balance sheet. Due to the method used by the external valuer in calculating fair value, when arriving at carrying value, the Group has adjusted the valuation of investment properties to exclude that portion of the utilities provision (Note 11) relating to properties still held by the Group.

Substantially all of the Group's investment properties generated rental income in the current and prior year, with the exception of the plots and infill areas that are held for future development.

The Group's freehold and long leasehold interests in its investment properties were valued as at 31 March 2025 by an external valuer, CBRE Limited. The valuation, which was prepared on a portfolio basis, including the application of transfer taxes, was subject to the existing leases, underleases and tenancies as advised but otherwise with vacant possession.

The valuer's opinion was derived primarily using a discounted cash flow approach, supplemented by comparable recent market transactions on arm's length terms. The valuation was undertaken in accordance with the requirements of IFRS 13, Fair Value Measurement and the RICS Valuation - Global Standards 2022, as amended, except where it was not, in practical terms, feasible to comply due to the large number of properties involved.

This is a 'Regulated Purpose Valuation'. CBRE has a policy of rotating the Lead Valuer of the portfolio at least every five years. This is CBRE's fifth year conducting the valuation. CBRE has confirmed that the total fees earned from the Annington group of companies is less than 5.0% of its total UK revenues, which may be deemed as minimal.

Assumptions and valuation models used by the valuers are typically market related, such as yield and discount rates. For the other Units, these are based on their professional judgement and market observation.

The information provided to the valuers, the assumptions and valuation models used by the valuers and the resulting fair value movements over the period, are reviewed by Senior Management and other relevant people within the business. The valuers present directly to the Audit Committee at the period-end review of results.

The fair value measurement hierarchy level for all investment properties as at 30 September 2025 was Level 3 significant unobservable inputs (30 September 2024: Level 3). There were no transfers between the levels of the fair value hierarchy during the current or prior year.

Investment property valuations are inherently subjective, depending on many factors, including property location, expected future net rental value, market yields and comparable market transactions. In valuing the properties, the following assumptions have been adopted and incorporated into the valuation model:

	Fair value £'000	Unobservable inputs	Input
Fair value at 30 September 2025	321,329	Net yield on Units held for rent (%)	4.25 – 5.65%
		Costs included in valuation calculations	Cost estimates
		Profit & finance costs for significant refurbishment projects (%)	20.3%
	Fair value £'000	Unobservable inputs	Input
Fair value at 31 March 2025	320,797	Net yield on Units held for rent (%)	4.30 – 5.65%
		Costs included in valuation calculations	Cost estimates
		Profit & finance costs for significant refurbishment projects (%)	18%

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ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

7. INVESTMENT PROPERTIES (continued)

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Investment Property portfolio are shown in the below tables:

30 September 2025 sensitivity analysis (unaudited)

		Impact on Valuation					
	Fair value £'000	Net Yield (£'000)		Costs included in Valuation (£'000)		Profit & Finance costs on significant refurbishment projects (£'000)	
		+0.2%	-0.2%	+5.0%	-5.0%	+5.0%	-5.0%
30 September 2025	321,329	(10,419)	11,317	(3,438)	3,438	(1,105)	1,105

31 March 2025 sensitivity analysis (audited)

		Impact on Valuation					
	Fair value £'000	Net Yield (£'000)		Costs included in Valuation (£'000)		Profit & Finance costs on significant refurbishment projects (£'000)	
		+0.2%	-0.2%	+5.0%	-5.0%	+5.0%	-5.0%
31 March 2025	320,797	(10,882)	11,803	(4,310)	4,310	(1,035)	1,035

There are other interrelationships (changes in gross rent and estimated future rent increases) between unobservable inputs as they are determined by market conditions, and so the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions, (i.e. gross rents increase and discount rates decrease), valuation movements can be amplified whereas if they move in the same direction they may offset reducing the overall net valuation movement.

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 September 2025 (continued)

8. INVESTMENT IN JOINT VENTURES

The Group's joint venture undertakings as at 30 September 2025 are shown below:

Name of joint venture	Principal activity	Holding
Countryside Annington (Mill Hill) Limited	Property development	50.00%
The Inglis Consortium LLP	Property development	28.55%

Each of these entities operates within the United Kingdom.

The Group's investment in joint ventures is presented in aggregate in the table below:

	Share of net assets £'000	Loans £'000	Total £'000
At 1 April 2024	(91)	1,000	909
Share of loss for the year	(215)	-	(215)
At 31 March 2025 (audited)	(306)	1,000	694
Additions	179	-	179
Share of profit for the period	126	-	126
At 30 September 2025 (unaudited)	(1)	1,000	999

The Group's share of profits from joint ventures represents profits from continued operations. The joint ventures have not recorded any other comprehensive income and the share of profits disclosed in the above table represents the Group's share of total comprehensive income.

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value when the Group becomes entitled to receive the contractual cash flows and are subsequently measured at amortised cost using the effective interest method less any impairment.

	Six months ended 30 September 2025 (unaudited) £'000	31 March 2025 (audited) £'000
Trade receivables	156	156
Accrued income	308	988
Prepayments	1,842	1,137
Other receivables	54,495	64,721
Corporation tax and other taxation	264	1,896
Other taxes	7	11
Total trade and other receivables	57,072	68,909

The carrying value of trade and other receivables approximates the fair value.

Other receivables relates to the additional property to be received as consideration for the MQE sale and agreed dilapidations claims.

Trade receivables are stated after provisions for impairment of £130,926 (2025: £130,926).

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

10. LOANS AND BORROWINGS

	30 September 2025 (unaudited) £'000	31 March 2025 (audited) £'000
Amounts falling due within one year		
Unsecured notes	-	-
Total current loans and borrowings	-	-
Amounts falling due between one and five years		
Unsecured notes	1,496	1,496
	1,496	1,496
Amounts falling due after five years		
Unsecured notes	719,095	719,020
Total non-current loans and borrowings	720,591	720,516
Total loans and borrowings	720,591	720,516

The Group holds five tranches of corporate, unsecured bonds, totalling c.£720.6 million. The weighted average maturity of the Group's debt at 30 September 2025 is 20.5 years (down from 20.7 years at 31 March 2025) with a weighted average cost of 3.05% (31 March 2025: 3.05%).

A reconciliation of debt movement is provided in Note 14.

A financial risk relating to financing arrangements has been included in the Principal risks and uncertainties section. These are outlined in greater detail the within the Strategic Report of the Annual Report and Accounts for 31 March 2025, available at www.annington.co.uk.

11. LEASE LIABILITIES

Lease liabilities are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

	30 September 2025 (unaudited) £'000	31 March 2025 (audited) £'000
Maturity analysis		
Amounts falling due within one year	734	751
Amounts falling due between one and five years	2,086	2,129
Amounts falling due after five years	1,407	1,697
Minimum lease payments	4,227	4,577
Less: future finance charges	(812)	(918)
Present value of lease obligations	3,415	3,659
Current	541	544
Non-current	2,874	3,115
Total lease liabilities	3,415	3,659

A reconciliation of the lease liability movement is provided in Note 14.

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 September 2025 (continued)

12. PROVISIONS

	Warranty Provision £'000	Make good provision £'000	Utilities provision £'000	Total £'000
At 1 April 2025	52	745	24,765	25,562
Unwinding of discount		18	908	926
Change in estimated obligation				
- through profit and loss	-	(165)	(1,119)	(1,284)
- through investment properties	-	-	(611)	(611)
Utilised	-	-	(2,945)	(2,945)
At 30 September 2025 (unaudited)	52	598	20,998	21,648
Current provision	52	168	5,644	5,864
Non-current provision	-	430	15,354	15,784
	52	598	20,998	21,648

Utilities provision

At the point of purchase in 1996 the Married Quarters Estate included certain sites that are dependent on the related technical base for the provision of utilities. The MoD undertook to supply utilities to those sites for the period they are rented to the MoD and for released units, until at least the 25th anniversary of the purchase. Where there have been releases of property that are currently base dependent or there is a constructive obligation to provide for the adoption of certain utilities on units which are not base dependent, a provision has been made to separate these units where the Group has a committed present obligation to separate these Units. As part of the MQE settlement, the Group must complete the separation of all Units handed back to the Group, which have utilities supplied by the MoD, within 3 years of the date of exchange (16 December 2024); subject to an extension of more than 5 years. This amount has been added back to the investment property valuation to avoid double accounting for the obligation (refer to Note 7). The provision has been discounted in accordance with the relevant borrowing costs of the Group.

Warranty provision

The warranty provision relates to the estimated costs to repair any defects that come to light during the warranty period on the sale of new build properties. The Group is legally obligated to rectify property defects in accordance with UK legislation. The Group's exposure is mitigated by contractors' guarantees and insurance policies.

Make good provision

The make good provision relates to the estimated cost of restoration work agreed to be carried out on the Group's leased properties at the end of their lease terms in 2032. A provision is still in place for the leased properties that came to an end in 2023 due to prolonged negotiations on the make good works, this amount is due to be paid within 12 months of the period end.

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 September 2025 (continued)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has the following financial instruments:

	Note	30 September 2025 (unaudited) £'000	31 March 2025 (audited) £'000
Financial assets			
Cash and receivables:			
Trade and other receivables excluding prepayments		3,317	14,222
Cash and cash equivalents		1,468,921	1,448,868
Total financial assets		1,472,238	1,463,090
Financial liabilities			
Liabilities measured at amortised cost:			
Trade and other payables		19,252	19,446
Loans and borrowings	9	720,591	720,516
Lease liabilities	10	3,415	3,659
Total financial liabilities		743,258	743,621

Fair values

There have been no transfers of assets or liabilities between levels of the fair value hierarchy. The fair values of the Group's borrowings are determined by a Level 2 valuation technique.

The Group held the following non-derivative financial assets and liabilities at 30 September 2025:

	30 September 2025 (unaudited)		
	Par value of debt £'000	Balance sheet value £'000	Fair value £'000
Level 2			
Non-derivative financial liabilities			
Unsecured bonds	730,390	720,591	602,606

	31 March 2025 (audited)		
	Par value of debt £'000	Balance sheet value £'000	Fair value £'000
Level 2			
Non-derivative financial liabilities			
Unsecured bonds	730,490	720,516	598,600

Unsecured bonds

The bonds are listed on the main market of the London Stock Exchange and were not actively traded at 30 September 2025. As there was no active market, the fair value of the bonds cannot be determined by a directly quoted price at 30 September 2025 and no IFRS 13 Level 1 valuation is available. The group has determined a fair value using a Level 2 input methodology, in accordance with IFRS13 para 82(b), being the quoted bid price of each instrument, at period end.

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

14. NOTE TO THE CONDENSED CASH FLOW STATEMENT

	Six months ended	
	30 September 2025	30 September 2024
	(unaudited)	(unaudited)
	£'000	£'000
(Loss)/Profit after taxation	(3,526)	142,919
<i>Adjustment for:</i>		
Taxation	17,214	6,122
Finance costs	12,665	76,560
Finance income	(29,165)	(3,839)
Trustee replacement costs	1,060	-
Share of results of joint ventures after taxation	(126)	(80)
Profit on disposal of property assets	(2,301)	(16,013)
Loss on disposal of plant and equipment and right-of-use assets	(1)	1
Unrealised property revaluation (gains)	(400)	(93,440)
Depreciation expense	358	487
<i>Movements in working capital:</i>		
Decrease in debtors	11,193	1,058
(Decrease)/increase in creditors	(3,072)	3,677
Decrease in provisions	(2,945)	(4,524)
Net cash inflow from operating activities	954	112,928

15. ANALYSIS OF CHANGES IN NET DEBT

			Non-cash items			
	30 September 2025 (unaudited) £'000	Cash flow £'000	Profit on refinancing £'000	Amortisation of bond issue costs and interest accrued £'000	Finance lease liability additions & disposals £'000	31 March 2025 (audited) £'000
Cash and cash equivalents	1,468,921	20,053	-	-	-	1,448,868
Unsecured bonds	(720,591)	89	11	(175)	-	(720,516)
Lease liabilities	(3,415)	393	-	(109)	(40)	(3,659)
Total loans and borrowings	(724,006)	482	11	(284)	(40)	(724,175)
Net cash	744,915	20,535	11	(284)	(40)	724,693

ANNINGTON LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025 (continued)

16. RELATED PARTY DISCLOSURES

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group has maintained ongoing relations with its joint ventures, with no specific transactions in the reporting period.

17. SUBSEQUENT EVENTS

On 14 November 2025, the Group acquired a portfolio of 298 single family homes for approximately £93.5 million, subject to finalisation of completion accounts, through the purchase of Langoen Assets Limited. Accounting for this will be completed in the Annual report for March 2026.

ANNINGTON LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the half-year condensed consolidated financial statements in accordance with applicable law and regulations. The directors confirm that to the best of their knowledge these half-year condensed consolidated financial statements:

- have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the United Kingdom;
- the half-year report includes a fair review of important events and their impact during the six months and a description of principal risk and uncertainties for the remaining months of the year; and
- the half-year report includes a fair review of the information required of related parties' transactions.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Approved by

S Leung

Director

9 December 2025

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES – DEFINITIONS AND CALCULATION

Alternative Performance Measures

The Group employs a number of measures to monitor performance against its objectives. These are set out within the KPI section of this report. Certain of these measures are not defined within the applicable financial reporting framework and are therefore defined below.

		Six months ended	
		30 September 2025	30 September 2024
		(unaudited)	(unaudited)
	Reference	£'000	£'000
Gross rental income			
Gross rental income is derived from rentals earned on investment properties and is presented on the face of the income statement.	I/S	<u>6,719</u>	<u>126,806</u>
Net rental income margin			
Gross rental income as presented on the face of the income statement	I/S	6,719	126,806
Property operating expenses as presented on the face of the income statement.	I/S	(3,937)	(4,196)
Add back property operating expenses on non-operational units	Note 2	<u>2,260</u>	<u>2,521</u>
Net rental income		<u>5,042</u>	<u>125,131</u>
Divided by Gross rental income	I/S	<u>6,719</u>	<u>126,806</u>
Expressed as a percentage		<u>75.0%</u>	<u>98.7%</u>
Adjusted EBITDA			
Adjusted EBITDA is calculated as:			
Operating (loss)/profit before financing and tax as presented on the face of the income statement, adjusted for:	I/S	(2,094)	221,762
Amortisation, depreciation or impairment (including other non-cash write downs) of assets	Note 3	358	487
Revaluation (gains) on investment properties	I/S	(400)	(93,440)
Profit attributable to joint ventures	I/S	(126)	(80)
Dilapidation income	Note 3	(16)	(1,947)
Profit on disposal of investment properties	I/S	(2,301)	(16,013)
Profit on disposal of inventory	I/S	-	12
One-off items (Enfranchisement proceeding costs)	I/S	-	2,379
Property operating expenses on non-operational units	Note 2	<u>2,260</u>	<u>2,521</u>
		<u>(2,319)</u>	<u>115,681</u>

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES – DEFINITIONS AND CALCULATION

Appendix 1: Alternative Performance Measures – Definitions and Calculation (continued)

		Six months ended 30 September 2025 (unaudited) £'000	30 September 2024 (unaudited) £'000
	Reference		
Adjusted EBITDA Margin			
Adjusted EBITDA margin is calculated as:			
Adjusted EBITDA as calculated above	Above	(2,319)	115,681
Divided by gross rental income as presented on the face of the income statement	I/S	6,719	126,806
Expressed as a percentage		N/a	91.2%
Free cash flow			
Free cash flow is calculated as:			
Net increase/(decrease) in cash and cash equivalents, adjusted for:	C/F	20,053	(41,380)
Purchase of investment properties, as shown in the investing cash flows	C/F	2	47
Repayment of borrowings and swap terminations, as shown in the Financing cash flows	C/F	89	152,022
Net rental income		20,144	110,689
Operational rental yield			
Operational rental yield is calculated as:			
Annualised net rental income	Above	10,084	250,262
Divided by carrying value of operating investment properties	B/S	327,654	7,264,666
Expressed as a percentage		3.1%	3.4%

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