

ANNINGTON LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2026

ANNINGTON LIMITED

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NOTE ON FORWARD LOOKING STATEMENTS

This Annual 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 undertakes 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

STRATEGIC REPORT

HIGHLIGHTS FINANCIAL YEAR 2026

The Annington Group ('Annington' or the 'Group'), headed by Annington Limited (the 'Company'), presents its consolidated financial statements for the year ended 31 March 2026.

- 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 31 March 2026 was just under £1.4 billion (31 March 2025: £1.4 billion), with cash being held to fund potential acquisitions, capital payments, committed spend for further refurbishment and utilities upgrades of over £51 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.
- Property Rental income was £16.2 million (2025: £198.5 million).
- Adjusted EBITDA was £(1.3) million (2025: £162.3 million).
- Profit after taxation was £5.6 million (2025: Loss of £646.4 million).
- At 31 March 2026, the Group held 1,774 residential property Units (2025: 1,570 Units).
- The carrying value of the Group's investment properties is £433.3 million (2025: £330.8 million).
- The Group sold 94 (2025: 496) investment properties and 2 development sites, achieving £30.9 million (2025: £132.4 million) in gross sales proceeds.
- The Group completed refurbishment of 226 (31 March 2025: 199) investment properties and subsequently returned them to the UK housing market.

Please refer to Appendices for a glossary of key terms and definitions.

ANNINGTON LIMITED

STRATEGIC REPORT

STRATEGY AND BUSINESS REVIEW

Overview

The Group 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.

During the year, the Group refurbished 226 houses and acquired 298 houses through the purchase of shares in Langoen Assets Limited, adding 524 Units to the Group's lettable portfolio. The other elements of the Group's strategy and the business activity during the year are described below.

The Group's strategies and implementation during the year

Operate a high performing rentals portfolio

The Group will continue letting on the open market to maximise returns through proactively managing the Group's portfolio, occupancy, and rental levels.

As of 31 March 2026, the portfolio consisted of 1,774 (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 Married Quarters Estate (MQE) in a prior year and originally comprised of 87 Units, which were demolished by the Ministry of Defence (MoD) prior to release.

Of the Units which were available to let at year end, 96% were rented, to a combination of the general public, the MoD, local authorities and property developers as show homes. Those Units not available for let are either undergoing refurbishment projects or have been made available for sale on the open market.

The Group's proactive capital investment programmes are implemented across the portfolios to ensure Annington continues to deliver high quality rental stock and meets or exceeds both internal and external Environmental, Social and Governance (ESG) targets as well as delivering strong financial performance.

The diversity of property types and locations protects the business against volatility in specific markets, while the volume of stock in locational 'hubs' allows for efficiency of management and economies of scale as well as meaning that the business benefits from in-depth knowledge of the local markets in which it operates.

Annington actively manages expenditure to secure the best possible rents with the lowest possible ongoing operating cost profile. The business will continue to draw on nearly 30 years' experience operating as a residential landlord and as the portfolio grows, will benefit from increasing economies of scale and efficiencies both on the procurement side as well as the operational side.

Active asset management

The Group appraises its property portfolio on a regular basis to optimise the Group's returns on investment and to examine all potential options on a Site-specific basis. In keeping with previous years, the potential opportunities that the Group actively seeks to identify include reletting the Units within the Portfolio, refurbishing the Units and selling the Units to third party purchasers.

During the year, the Group continued to advance its strategy of maximising long-term value and sustainable growth across the portfolio. Central to this approach is our investment programme (see further below), which resulted in the Group acquiring 298 homes for £93.5 million. Further, the Group is undertaking a significant programme of refurbishment investment, with total capital expenditure reaching £40.4 million (31 March 2025: £19.2 million), including £7.5 million (31 March 2025: £7.2 million) directed toward essential utilities upgrades. This investment has already delivered meaningful operational progress. Following refurbishment, the Group returned 226 homes to our lettable portfolio and the nation's active housing stock during the year. A further 323 Units are currently under refurbishment, the majority of which are scheduled for completion by FY27, ensuring a strong pipeline of additional future Units.

Notable projects include Deepcut which represents one of the Group's most substantial and diverse programmes, comprising 229 Units across four distinct projects. The homes vary widely in size, style and construction, requiring tailored refurbishment approaches. 217 Units are undergoing full refurbishment, including extensive external works and street-scene enhancements designed to elevate the overall quality and appeal of the estate. The remaining 12 Units, identified as non-traditional and non-mortgageable, are subject to planning applications for demolition and rebuild, ensuring long-term structural integrity and marketability.

The first of the Deepcut projects, Malta Road (20 Units), was completed during the year. All Units were launched to market and successfully let within the same period, demonstrating strong demand for high-quality refurbished homes.

ANNINGTON LIMITED

STRATEGIC REPORT

STRATEGY AND BUSINESS REVIEW (CONTINUED)

The Group's strategies and implementation during the year (continued)

Active asset management (continued)

At Linton-on-Ouse, the Group is progressing 70 Units across three projects. 57 homes are receiving full refurbishment ahead of their addition to the rental portfolio, while 13 larger officers' houses are expected to be sold privately, subject to confirmation of foul-drainage adoption. The first project was completed and launched to market during the year and has been well received, with 33 lets agreed, reflecting both the quality of the refurbishment and the attractiveness of the location.

Looking forward, the Group is well placed to continue carrying out asset management projects and development works across multiple different sites. 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. The identification of these properties is in the process of being finalised and will be added into our extensive existing portfolio once 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 financial year the Group sold 94 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.

Undertaking planning and development initiatives where appropriate

As and when opportunities arise, the Group will continue to undertake planning and development initiatives.

During the year, the Group continued to progress development opportunities within the portfolio, with various projects at different stages of delivery. As of 31st March 2026, full planning has been consented for 9 homes in Abingdon and Pre-commencement works are underway on 4 homes in Windsor and 7 homes in Bordon. Determination is awaited on planning applications for 28 homes in Cranwell, 3 homes in Twickenham and 2 homes in Deepcut with a GDV of more than £10 million.

Discussions are ongoing with the local authority regarding the Group's scheme in Brize Norton which will see the delivery of 82 homes with a GDV of £24 million. Following a refusal on an application for 9 homes in Biggin Hill, the Group is actively progressing an appeal to overturn the decision to realise the site's potential. The Group remains confident in the quality of the scheme and its alignment with local housing needs.

Beyond the current submitted applications, the Group continues to appraise and bring forward other development opportunities with the capacity to deliver over 200 new homes, subject to necessary consents and viability. Three sites, with a combined GDV in excess of £15 million, are currently being appraised with the goal of submitting planning applications in 2026. Parallel to this, the Group is actively promoting several sites for inclusion in Local Plans, reinforcing a continued commitment to securing high-value, long-term growth across its national portfolio. The Group will continue to have proactive dialogue nationally with local authorities where opportunities exist.

During the year, the Group sold land at two sites for £4.3 million, creating opportunities for other developers where the option is appraised as not fitting into the Group's future rental portfolio, whilst contributing to addressing the national housing shortfall.

The Group has committed to spend £51 million on refurbishment and utilities projects after the balance sheet date, which in combination with 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 reserves held on the balance sheet.

ANNINGTON LIMITED

STRATEGIC REPORT

STRATEGY AND BUSINESS REVIEW (CONTINUED)

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 31 March 2026 of just under £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 year. The Group has appraised 26 opportunities during the year.

When evaluating potential investment opportunities, the Group assesses projected returns using two principal measures: the absolute return over the life of the investment and the anticipated net yield. This assessment includes consideration of the investment's capacity to generate sufficient cash flows to service the Group's debt obligations and, after financing costs, to deliver an appropriate return. The interest payable on the Annington Group's debt is fixed, while rental income and property values are expected to increase over time, broadly reflecting inflationary trends. Accordingly, subject to investment performance and market conditions, the Group expects debt service capacity to strengthen progressively, thereby enhancing the level of security available to debt investors.

The market conditions, as set out below made purchasing difficult, as the separation between buyer expectations and offer values meant a number of opportunities went unsold. In addition to being an underbidder on several of these opportunities, on 14 November 2025, the Group successfully acquired 298 homes for £93.5 million through the purchase of Langoen Assets Limited. The Group is currently in a number of processes and continues to pursue suitable investments which provide a stable quality asset with an attractive yield.

Environmental, Social and Governance

The Group believes that the successful implementation of its strategy is dependent on robust, transparent governance. This is driven by the board and helps to uphold the Group's approach and new core values which are to be Principled, Adaptable, Collaborative and Innovative.

Please refer to the Environmental, Social and Governance section later on within this report for detail of the Group's activity in the year.

ANNINGTON LIMITED

STRATEGIC REPORT

STRATEGY AND BUSINESS REVIEW (CONTINUED)

The UK Housing Market

In the 12 months to 31 March 2026, the UK residential market was shaped by moderating inflation, easing monetary policy, constrained housing supply and resilient rental demand.

While the broader economic environment remained mixed, the private rented sector ("PRS") continued to perform strongly, supported by structural housing undersupply, affordability pressures in the owner-occupier market and sustained demand for professionally managed rental homes.

Inflation eased during the year, allowing the Bank of England to begin reducing interest rates in 2025. The interest rate in the UK has remained steady at 3.75% since December 2025 though as economic fallout from the conflict in Iran has pushed up inflation across the globe, delaying previously anticipated cuts to the rate and ensuring that borrowing costs remain above long-term averages.

The UK's structural housing shortage remained a defining feature of the market. New housing delivery continued to fall below long-term demand as planning delays, elevated construction costs and labour shortages continued to restrict new development. Alongside these limitations on supply, affordability constraints and mortgage costs, despite easing during the year, remained above pre-2022 levels. As a result, many households continued to rent for longer, supporting sustained demand for professionally managed accommodation.

This ongoing imbalance between supply and demand supported rental growth and high occupancy across many of the Group's regional markets. However, there was a reduction in the rate of increase in rental levels from 7.4% in April 2025 to 3.4% in March 2026 per the ONS. The June 2026 RICS residential survey reports that it expects this trend to continue, forecasting that rents will increase by approximately 2.5% over the next twelve months. This period will incorporate the impact of the Renters' Rights Act which came into force on 1 May 2026 and has led to increased Section 13 renegotiations and tenancy terminations as per the Knight Frank Q2 2026 UK BTR market update.

Investment Market

Institutional investment in the living sector remained resilient, with continued interest in single-family housing ("SFH") driven by strong tenant demand, attractive long-term income characteristics and structural supply shortages.

The UK residential investment market became more stable for most of the financial year as inflation moderated and interest rate expectations improved. However, ongoing uncertainty in 2026 around inflation, fiscal policy and global geopolitics, has meant that buyers' have required returns and financing costs have frequently supported a lower price than sellers' valuation expectations. The Knight Frank Q2 2026 UK BTR market update explicitly reported these pricing challenges, outlining that differences between buyer and seller expectations were extending transaction timetables and reducing the number of completed transactions in 2026.

Outlook

Looking ahead, the Group expects the UK residential rental market to continue benefiting from long-term structural drivers, including housing undersupply, affordability pressures and sustained tenant demand.

Whilst macroeconomic uncertainty and geopolitical risks remain, the Group believes the long-term outlook for professionally managed rental housing in the UK remains positive. The combination of resilient tenant demand, constrained supply and increasing institutional participation is expected to continue supporting the sector over the medium to long term.

The Group remains focused on disciplined capital allocation and on opportunities that align with its strategy of investing in high-quality residential assets capable of generating stable, long-term income returns.

ANNINGTON LIMITED

STRATEGIC REPORT KEY PERFORMANCE INDICATORS

The Group measures Key Performance Indicators ('KPI's) based on the controllable variable drivers of its activities. The section on Alternative Performance Measures in Appendix 3 provides further details on the calculation of these measures.

Financial KPI	2026 £ millions	2025 £ millions	Management commentary
Gross rental income	16.2	198.5	Gross rental income has decreased by £182.3 million in 2026, due to the sale of the MQE portfolio constituting over 36,344 Units. Passing rent has increased from £12.5 million at March 2025 to £21.6 million at March 2026. Looking forward, it is noted that 323 further Units are currently undergoing refurbishment works, 211 of which are projected to complete in the year end ending March 2027. The Group is also projecting to receive properties with an aggregate value of £55 million in July 2027, being the final tranche of consideration from the MQE sale.
Net rental income margin on operational Units	74.8%	98.1%	Net rental income margin measures the profitability of the Group's rental operations, expressing net rent as a percentage of gross rental income. The margin has decreased due to a change in the composition of the investment property portfolio.
Adjusted EBITDA	(1.3)	162.3	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. Adjusted EBITDA has decreased in line with the decrease in gross rental income discussed above. The Group's fixed cost base has remained broadly consistent year-on-year to ensure the Group is positioned to seek out and bed-in any suitable acquisition opportunities as they arise and facilitate the Group's ongoing investment property refurbishment programme.
Free cash flow	14.9	6,123.7	This measure is used to assess the cash generated to be utilised on discretionary purchases or dividends. Free cash flow in the prior year was higher due to the receipt of sale proceeds from the MQE. The Group holds cash balances of just under £1.4 billion. These amounts are being held to fund potential acquisitions, capital payments, committed spend for further refurbishment and utilities upgrades of over £51 million and the working capital requirements of the Group.
Net rental yield on operational Units	4.4%	3.6%	This measure is used to assess rental yields on the average operational investment property carrying values. The yield has increased due to the change in the composition in the investment property portfolio.

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STRATEGIC REPORT

FINANCIAL REVIEW

Gross Rental Income

Gross rental income for the year ended 31 March 2026 has decreased by £182.3 million to £16.2 million. Following the sale in the previous year, in the year to March 2026, gross rental income from the Group's owned portfolio has increased by 32.4% to £16.2 million from £12.2 million. The increase in income is the result of refurbishing and renting Units previously released from the MQE over the two last years, as well as acquiring 298 Units through Langoen Assets Limited in November 2025. These two factors have both contributed an additional £1.9 million each of rental income in the year. There has also been an increase in like-for-like rental income, contributing to a £0.7 million uplift. This has been partially offset by £0.5 million in rent lost from Units disposed over the last two years.

Rental Operating Costs

Rental operating costs are driven by the size and composition of the rental portfolio. Costs have increased from £3.7 million to £4.1 million in line with the growth of the operational rental portfolio.

Other Property Operating Expenses

Other property operating expenses are driven by the number of Units either active or in planning for refurbishment. Holding costs, including council tax and utilities, as well as project surveying, investigation costs and repairs and maintenance are not capitalised.

For the year ended March 2026, property operating expenses decreased by £2.0 million to £4.1 million as the number of Units undergoing refurbishment projects decreased. This was due to a combination of no new Units being released into the portfolio and the completion of refurbishment works on 226 Units. The prior year incurred higher expenditure due to 374 Units being released from the MQE. Following the MQE settlement, no additional properties have been received from MQE releases in the current year. Furthermore the £55 million property transfer still under review with these properties now expected to be received in July 2027.

Administrative Expenses

Administrative expenses (including depreciation) decreased by £13.3 million to £13.2 million (2025: £26.5 million). This decrease is mainly from prior year payments of LTIP schemes as well as lower staff costs following the right-sizing of the workforce for the year ended March 2026. Staff costs are presented in more detail in Note 6.

The Group's ongoing refurbishment and like-for-like rental activities have remained broadly consistent in 2026, with refurbishment spend increasing 162% from £11.5 million to £30.0 million and increased rental activity of refurbished Units. Furthermore, in addition to the successful acquisition of Langoen Assets Limited, the Group has been involved in a number of abortive acquisitions, where the Group is not able to capitalise the costs and to which management have dedicated significant resources.

Adjusted EBITDA

Adjusted EBITDA for the year ended 31 March 2026 was £(1.3) million (2025: £162.3 million). The decrease in Adjusted EBITDA in the year is the result of the loss in rental income previously generated by the MQE portfolio, while maintaining a broadly consistent fixed cost base to facilitate future acquisition and refurbishment plans. For further information on the calculation of this measure, refer to the section on Alternative Performance Measures, Appendix 3.

Property Disposals

The Group sold 94 (2025: 36,840 or 496 excluding the MQE settlement) investment properties and 2 development sites, recognising £30.9 million (2025: £6.2 billion or £132.4 million excluding the MQE settlement) in gross sales proceeds.

Profit on disposal of investment properties amounted to £1.8 million in the year (2025: £791.3 million loss). The loss in the prior year on investment property disposals is reflective of the agreed sales value for the MQE below the book value determined with reference to fair value determined by CBRE at March 2024.

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STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

Exceptional Items

Following the MQE settlement in the prior year, exceptional costs, in relation to the legal proceedings which arose as a result of the MoD's attempts to enfranchise properties within the MQE, decreased from £4.7 million to £0.1 million. The costs incurred in the current year relate to post-settlement completion works. Due to the unusual circumstances surrounding this case and it being outside the scope of normal operations, and the substantial amounts being spent to defend the Group's position, these costs have been shown separately on the face of the income statement.

Cash Flows

The Group ended the year with cash of £1,372.9 million, a decrease of £75.9 million from £1,448.9 million at 31 March 2025.

The Group consumed £12.1 million of cash from operating activities after tax payments, a decrease of £26.5 million from the prior year (2025: £14.4 million). The outflow is due to the Group spending staff time and resources on its capital expenditure programme, including refurbishments and acquisitions, with these sums being in excess of the net rental income during the period.

Net cash consumed by investing activities totalled £38.1 million for the year (2025: £6,252.9 million generated). Expenditure on the continued refurbishment of properties increased to £30.0 million compared to £11.5 million in the prior year. Additionally, £90.8 million of cash was used in the acquisition of Langoen Assets Limited (2025: no acquisitions). Offsetting these amounts were proceeds of £30.1 million from the disposal of investment properties deemed to be not of a strategic fit to its rental operations. Finally, surplus cash, received from the MQE settlement, continues to be invested in term deposits and government securities, generating interest income receipts of £52.8 million.

Cash outflows from financing activities decreased by £4,989 million, predominantly due to a £2,904 million reduction in repayments made on borrowings in the current year and the £1,900 million dividend paid in the prior year. In the current year, financing activities primarily pertain to debt service costs of £23.0 million.

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 year adjusted for capital raised and dividends paid and payments for the purchase or construction of new investment properties. The free cash flow for the year was £14.9 million (2025: £6,123.7 million).

Property Valuation

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 increased from £330.8 million at 31 March 2025 to £433.3 million at 31 March 2026, with £4.1 million being recognised as an unrealised gain on revaluation in the income statement (2025: loss of £24.0 million). 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, of which 6 Units have been sold.

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 £508.9 million (2025: £356.5 million).

Financing

At the year-end, the Group held just under £1.4 billion in cash balances and £730.4 million (£730.5 million at March 2025) of debt, with 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%

ANNINGTON LIMITED

STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

Financing (continued)

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

Covenant	Test	Limit for Bonds	Limit for Loans	31 March 2026	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)	*	1.87x
Unencumbered Assets	Unencumbered assets / Unsecured Debt	>125%	>125%	*	*

* - Due to the surplus of cash and cash equivalents at 31 March 2026, the Group is not in a net indebtedness position and has net interest income and so is not in a net finance charges position.

At 31 March 2026, the Group's weighted average cost of debt was 3.05% (2025: 3.05%) with a weighted average life of 19.7 years (2025: 20.7 years).

The Group's interest income increased in the year to £52.2 million (2025: £28.4 million). This is the result of maintaining higher cash balances throughout the year which were invested in term deposits and government securities to maximise returns, whilst managing counterparty risk.

Taxation

At the balance sheet date, the Group has unused tax losses to £919.1 million (2025: £947.7 million) available for offset against future profits. A deferred tax asset of £19.7 million has been recognised in respect of these losses (2025: £3.5 million), leaving £210.1 million of unrecognised deferred tax assets (2025: £233.4 million). £3.4 million of £19.7 million deferred tax assets have been recognised, in accordance with the requirements of IAS 12, 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. Forecasts beyond the first year assume a significant contribution from future acquisitions. As the economic characteristics and tax consequences of each acquisition will vary, there is inherent uncertainty regarding the timing and level of future taxable profits. As a consequence, due to the lack of evidence available to support the forecast earnings from acquisitions, the recognised deferred tax asset at March 2026 represents the forecast utilisation of deferred tax assets for the next financial year (2025: one).

Annington Limited's immediate parent entity, Annington Holdings (Guernsey) Limited ('AHGL') made an election under para 12, Sch 5AAA, TCGA 92 on 26 May 2021 (the "exemption election"). The election had effect in relation to disposals of interests in UK land on or after 27 May 2020. On 9 January 2025, AHGL ceased to be UK property rich, and accordingly ceased to meet the applicable exemption election conditions. As AHGL did not subsequently re-obtain its UK property rich status within 9 months of 9 January 2025, the exemption election ceased to have effect from 9 January 2025.

Therefore, whilst any chargeable gains or losses arising from disposals of interests in UK land made by the Group up to 9 January 2025 are exempt from UK corporation tax on chargeable gains by virtue of the exemption election, chargeable gains or losses arising from disposals of UK land made by the Group from when the exemption election ceased to have effect on that date are not exempt from UK corporation tax on chargeable gains. A consequence of this is that the Group recognises deferred tax liabilities of £29.8 million relating to these capital gains at 31 March 2026, part of which would be offset by recognition of additional deferred tax assets of £16.3 million.

Dividends

The Group's policy is to distribute free cash flow subject to complying with financial policies and suitable cash reserves to ensure the Group's operational needs can be met. The Group operates an unsecured debt strategy. No dividends were declared or paid during the year (2025: £1.9 billion). At 31 March 2026, the Group held just under £1.4 billion of cash and cash equivalents, available for acquisitions, capital payments, and to fund the committed refurbishment spend of over £51 million and the working capital requirements of the Group.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The table below outlines the principal risks and uncertainties:

Area of potential uncertainty	The UK housing market and rental market may be significantly affected by changes in general and local economic conditions.
Description of risk	The property market has a history of experiencing periods of rising values followed by a slowdown in growth. The realisable value of the Group's property portfolio at any given time can be affected by many factors outside the Group's control, including regulatory and political factors, general economic factors and those specific to the property market and suppliers and service providers to the property market, taxes and subsidies, number, consumer confidence including changes due to cost of living increases, applicable interest rates and resulting mortgage costs, underlying inflation and the effects of geopolitical uncertainty. High or rising inflation may adversely affect the Group's business by further increasing the cost of the raw materials and labour the Group uses in refurbishing properties. The Group actively reviews the sales prices of released properties and would seek to reflect any increase in costs in the sales prices of released properties in order to maintain margins. However, any oversupply of housing relative to demand in the local housing market may make any such increase difficult or impossible to achieve. In addition, interest rates have remained higher in the year as a policy response to increased geopolitical uncertainty. This has been reflected in the rates offered on mortgages and impacted on mortgage availability causing flow-on consequences in the housing market. This could result in a slowdown or decrease in the number of sales transactions that the Group is able to achieve or increase the time to sale of larger or higher capital value properties. During periods of low demand, low prices and poor sales rates, land and properties may become particularly illiquid, which could lead the Group to experience difficulty in successfully disposing of properties in a timely fashion without extensive marketing efforts, or without reducing the price of the properties. Ongoing international and geopolitical uncertainty, notably the continuing Russian military action against Ukraine and geopolitical tensions in the Middle East continues to affect the financial markets, supply chain and commodities prices to a certain extent, any or all of which could adversely affect the Group's business, results of operations and financial condition. Similarly, the Group's financial stability depends, in part, on the strength of the rental market. Weak rental markets could have an adverse effect on the Group's revenue generated by its private rental sector property portfolio. While the portfolio consists of properties located in areas where the Group has identified a need for rental housing or where market improvements are anticipated, there can be no assurance as to future levels of demand for rental property. Void levels could rise if prospective tenants' interest declines in locations where the Group has acquired properties for the purposes of its portfolio, or if the corporate organisations, including housing associations and local authorities, to which the Group may bulk lease properties forming part of the portfolio, shift away from rentals.
Mitigating strategies	The Board reviews the capital values and rental levels achieved and considers any changes that have occurred to the expected levels alongside prevailing market conditions. Where deviations are noted, these will be incorporated into future appraisals to ensure realistic and rational forecasting which forms the basis for all business decisions. In unfavourable conditions, where chosen sales strategies may be difficult to execute, the Group could implement alternative strategies, including renting Units on a short-term basis until market conditions become more favourable. It also remains an option for the Group to vary the extent of any refurbishment undertaken if supply chain disruption or cost of construction is elevated. The Group engages in proactive management of its rentals portfolio to ensure that maximum value can be achieved, utilising the 20+ years of experience gained in the residential rental market and its in-depth knowledge of local market dynamics, including rents, valuations and occupancy rates. Local agents are used to supplement in-house knowledge and experience to achieve the best returns. The Group is also protected somewhat by market fluctuations in some of its bulk arrangements where long term leases have been negotiated with five yearly rent reviews.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Area of potential uncertainty	Legal Claims and Health & Safety Breaches
Description of risk	From time to time, the Group may be exposed to litigation, arbitration proceedings and other claims. Due to the uncertainty inherent in litigation, there can be no assurance that the outcome will not result in substantial damages against the Group, including one beyond its financial resource. There may be a serious health and safety incident at an Annington Site, arising from a breach in health and safety regulations including fire safety. This could potentially lead to serious injury, reputational damage and/or possible fines or penalties. The Group may be unable to insure against or secure adequate coverage to mitigate the effects and the risks could lead to an increased cost of compliance with health and safety or fire safety regulations, costs of remediation, delay to income.
Mitigating strategies	The Group has a Health and Safety Committee in place which meets every alternative month to consider issues affecting the Group and its staff. This work on identifying possible issues ensures appropriate training can be put in place for all staff, dependent on their role. A robust risk review process is undertaken for all new projects or newly identified areas of concern. The Group operates an outsourced contracting model which requires contractors to enforce and monitor health and safety. Furthermore, the Group also uses third party health and safety inspectors to monitor compliance across all sites for ongoing projects. In addition, an appropriate level of insurance is maintained or sought where specific circumstances require it. The Group also retains proper external legal representation for day-to-day and recurring matters, managed by the internal legal team. Other specialist legal support is sought where necessary. Board oversight is in place for existing or anticipated legal activity beyond the day-to-day.

Area of potential uncertainty	The Group's business is subject to complex and evolving legislation and regulations, including rules governing the ownership, leasing or occupation of land, climate change risk and the use of hazardous materials.
Description of risk	The Group is subject to laws and regulations concerning, among other things, landowners' (freehold and leasehold) rights, planning, building development, land use, sales, rentals, the provision of mortgage financing, fire and building safety, health and safety, the environment, climate change and employment. These laws and regulations often provide broad discretion to the administering authorities. Changes in relevant laws, regulations or policies, or the interpretation thereof, or delays in such interpretations being delivered, may delay or increase the cost of the Group's operations or otherwise have an impact on the Group's financial condition. Although the effect of these requirements cannot be predicted, compliance with them could cause an increase in the Group's costs or a reduction in the Group's revenues, or cause significant operational delays, for example in the sale of Released Units, which could have a material adverse effect on the Group's business, results of operations and financial condition. Further, the Group could incur substantial costs, fines, penalties and other sanctions and damages from third party claims as a result of the Group's failure to comply with, or liabilities under laws and regulations, all of which could adversely affect the Group's business, results of operations and financial condition.
Mitigating strategies	The Group actively monitors emerging legislation and amendments to existing regulation to ensure operational adaptation and cost recognition. The Group maintains policies and procedures to ensure it is compliant with laws and ethical standards and employs advisers (including sustainability consultants) to ensure it is compliant with changing laws and regulations. The Group actively monitors compliance with laws and regulations relevant to its third-party tenancies and works with its third-party service providers to ensure adherence.

ANNINGTON LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Area of potential uncertainty	Outstanding obligations relating to MoD relationship.
Description of risk	The Utilities Agreement, which was entered into by the MoD and the Group in 1996 at the time that the Group acquired the MQE Portfolio in order to address sites where the MoD was providing utility services to a released property (a 'Base Dependent Utilities Supply'), has now expired and the Group is required to re-provide connections to the public utilities network for any Units with a Base Dependent Utilities Supply. This will incur costs, which could be significant. Furthermore, any delays in the implementation of utilities separation schemes could delay the rental or sale of such Units which could have an adverse impact on the Group's business, results of operations and financial condition. The Group also cannot influence the type or location of the £55 million of Units to be handed back by the MoD under the Surrender Agreement. This lack of control could impact on the level of resource and expenditure required and/or income generated.
Mitigating strategies	The recent changes to the Utilities Agreement provide supply for an additional 3 years from the date of contract exchange (16 December 2024), with a potential to extend for a further 5 years in certain limited circumstances. Also, since the 1996 Acquisition Date, the Group has, as of 31 March 2026, successfully completed 77 utility separation projects on 62 Sites with a Base Dependent Utilities Supply. The experience and capabilities that the Group has developed over this period to efficiently execute such projects means that the Group is in a strong position to assess the risks associated with any Site with a Base Dependent Utilities Supply and develop a programme to minimise the costs and time associated with such utility separation projects. A financial provision is also made within the accounts to allow for expenditure where commitments have been made to disconnect. The Surrender Agreement puts parameters in place around value and timing of handback of Units. In addition, the Group operates an outsourcing model which keeps the cost base low, whilst allowing for rapid mobilisation/demobilisation of resources based on need and market condition. Furthermore, for Units handed back under the Surrender Agreement, there are further restrictions around the release of Units with a Base Dependent Utilities Supply, and any need to base separate utilities will be taken into account in the valuation.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Area of potential uncertainty	The Group is subject to a number of financial risks relating to its financing arrangements.
Description of risk	The Group currently has £730.5 million of notes outstanding under the Euro Medium Term Note ('EMTN') Programme. A failure of the Group to manage its refinancing requirements may result in a shortage of funds to repay facilities and meet its other payment obligations as they fall due. A source of financing could become unavailable, for example, if its lack of a credit rating makes the cost of accessing the public and/or private debt markets prohibitive. The last global economic downturn and resulting dislocation of financial markets around the world caused a number of the world's largest financial and other institutions significant operational and financial difficulties. Recent global social, political and economic events and trends, including current geopolitical risks around the current situation in Ukraine the Middle East and Iran, and the resulting impact on the UK economy, in particular increasing energy and oil prices and increasing inflation and interest rates, have resulted in increased uncertainty in the currency and credit markets. Any failure by lenders to fulfil their obligations to the Group as well as the inability of the Group to access new funding in the longer term may impact the Group's cash flow and liquidity, which could have a material adverse effect on its business, results of operations, financial condition and prospects and, accordingly, the Issuer's and the Guarantors' ability to meet their respective obligations under the notes and the Guarantee. The group's financing facilities include a number of obligations upon the issuer and guarantors to the debt. Not meeting these obligations may result in a range of outcomes, including the debt becoming repayable at its early redemption amount. The terms of the Group's financing facilities include financial covenants such as Loan to Value and Interest Coverage Ratio covenants. Although the Group currently benefits from significant headroom in its covenants, including cash balances in excess of outstanding debt, and has processes and procedures in place to forecast and monitor covenant compliance, unexpected changes in financial performance or asset values could potentially lead to the possibility of a breach of these covenants which could adversely affect the Group's business, results of operations and financial condition. On 18 August 2025, the Group was notified that an extraordinary resolution to remove BNY Mellon Corporate Trustee Services (BNY) as trustee had been approved by the requisite number of holders of the Outstanding Notes. In response, the Group held a series of meetings to facilitate the appointment of a replacement trustee. On 20 January 2026, GLAS Trustees Limited ("GLAS") were appointed as Trustee in respect of the 2029 Notes, the 2032 Notes, the 2047 Notes and the 2051 Notes, and Law Debenture Trust Corporation p.l.c. was appointed as Trustee in respect of the 2034 Notes. On 27 January 2026, the Group received notifications from GLAS, in its capacity as Trustee in respect of the 2032 Notes, the 2047 Notes, and the 2051 Notes asserting that the sale of the Married Quarters Estate (MQE) to the Ministry of Defence (MoD) on 9 January 2025 constituted an Event of Default. Also on 27 January 2026, GLAS, acting upon instructions of certain Noteholders, issued Notices of Acceleration for the 2032 Notes, the 2047 Notes and the 2051 Notes. Subsequently GLAS initiated court proceedings in relation to the Notices of Acceleration. Annington rejects in its entirety the basis upon which the Notices of Acceleration have been issued, and its position is that such notices are a legal nullity.
Mitigating strategies	The length of tenor of the Group's debt helps to protect it from liquidity risk. The Group has processes and procedures in place to forecast and monitor covenant compliance and currently benefits from significant headroom in its covenants. The Group constantly monitors the financial markets for refinancing opportunities and maintains relationships with a large number of lenders. The Group also closely monitors the distribution of its cash deposits to ensure excess funds are not held with any one financial institution to mitigate risk.

ANNINGTON LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Area of potential uncertainty	Property valuation is inherently subjective and uncertain.
Description of risk	For the purposes of both the Group's Annual Financial Statements and Unaudited Interim Financial Statements, valuations of its property portfolio were undertaken internally by the Group and externally by third-party professional valuers in accordance with the latest version of the RICS Global Valuation Standards (incorporating the International Valuation Standards) and the UK national supplement current as of the valuation date. The purpose of each valuation was expressly limited therein, namely for the preparation of the Group's Annual Financial Statements and Unaudited Interim Financial Statements, and each valuation was prepared accordingly. Property valuations are inherently subjective due to the individual nature of each property as they are necessarily made on the basis of assumptions which may not prove to be accurate and which can change from valuation to valuation. As a result, valuations are subject to a degree of uncertainty. In determining the Fair Value of any property, the Valuers are required to make certain assumptions in respect of matters including, but not limited to, the existence of willing buyers, title to the property, condition of structure and services, deleterious materials, environmental matters, legal matters, statutory and regulatory requirements and planning. The Valuers will rely on information provided by the Group and will also take into account the general market environment, including estimated market rental values, market-based yields and expected future rental revenues from the properties as well as interest rates and inflation which will influence the discount rates used by the Valuers in calculating the Fair Value of the Group's property portfolio. No assurance can be given that the assumptions or projections used, estimates made or procedures followed in preparing the valuations were correct, accurate or complete. Valuers other than those engaged by the Group may reach different valuations of the Group's properties. A sustained period of elevated interest rates exposes the Group to a risk of a further downward adjustment in the Fair Value of its property portfolio which could have an adverse impact on the financial condition of the Group. There is a risk that the valuations of the Group's properties will not be reflected in any actual transaction prices, even where any such transactions occur shortly after the relevant valuation date. Failure to achieve successful sales of properties in the future at commercially acceptable prices could have an adverse effect on the Group's business, results of operations and financial condition.
Mitigating strategies	The Group manages this risk by ensuring that regular valuations of the Group's properties are performed by external, independent, third-party professional valuers, registered with the RICS.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Area of potential uncertainty	The Group's business could be disrupted in the event of failure or loss of key technology infrastructure or in the event of a cyber security attack on its systems.
Description of risk	The Group uses several information technology tools, platforms and systems to support, among other things, its operations, billing, expenses and financial information and reporting processes. Although the Group has taken measures to mitigate potential information technology security risks and information technology failures, there can be no assurance that such measures will be effective. The Group's business and operations could be adversely impacted if these information systems or databases and any back-up systems were to fail, or if the databases were to be destroyed or damaged.
Mitigating strategies	The Group has taken measures to mitigate potential information technology security risks and information technology failures, including: conducting risk assessments to identify threats, vulnerabilities and risks; developing a comprehensive Cybersecurity strategy; implementing robust security measures (firewalls, endpoint security controls, email threat detection, vendor and third party risk management, privileged access management, patching, strong authentication controls); regularly backing-up data and utilising recovery systems to replicate IT systems and data to another location; training employees on Cybersecurity best practices at least annually; engaging third-party security experts to run its Security Operations Centre (SOC); providing a Managed Detection and Response (MDR) Service and a virtual CISO; developing and maintaining Incident Response, Disaster Recovery and Business Continuity Plans; and internal and third party monitoring of the evolving cybersecurity landscape to keep the Group informed about new threats and vulnerabilities.

Area of potential uncertainty	The Group's operational and financial performance could be affected by failures within or by a key third party supplier or service provider.
Description of risk	The failure of any key third party suppliers or service providers, for example rental managing agents or a major building contractor, could have an adverse effect on the Group. Internal issues at such entities may impact their ability to work with the Group efficiently and knowledgeably and to perform to an acceptable level.
Mitigating strategies	The Group maintains interaction with members of key third parties. Considerable effort continues to be made to develop and nurture relationships to maintain operational efficiency. The Group will continue to encourage more co-operation and partnership.

Area of potential uncertainty	Retention, development and recruitment of the right people is critical to the Group's success.
Description of risk	The success of the Group relies on recruiting, retaining and developing the right individuals to perform a series of specialist roles. It also relies on the discretion and judgment of the management team and, in particular, their relationships with, and their understanding of the requirements of the MoD (in respect of outstanding obligations relating to the MoD relationship), and other partners and stakeholders. While the Group has put in place policies and remuneration which are designed to retain and properly incentivise staff at all levels of the business, should team members, particularly management, leave in significant numbers unexpectedly, the Group's business, results of operations and financial condition could be adversely affected. Further, the process of attracting and retaining suitable replacements for key personnel whose services the Group may lose would result in transition costs and would divert the attention of other members of the Group's management from its existing operations.
Mitigating strategies	The Group has devised remuneration packages that are designed to retain and properly incentivise management and there are succession plans in place for key positions. Knowledge is shared between senior staff members at formal and informal meetings. Additionally, if there is sudden increased activity within the business, it can be managed effectively through a combination of recruitment and outsourcing to provide the resource needed.

ANNINGTON LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Area of potential uncertainty	The Group ceased to be exempt from UK tax on direct and indirect disposals of UK land in the year, and so, will have to pay UK tax on such disposals in the future and (whether or not the Group makes such disposals) recognise deferred tax liabilities in respect of its UK property investments in its consolidated accounts. There is a risk that HMRC could review this election whilst it did apply. As such, any successful challenge(s) to the exemption's validity could result in an additional tax liability being met at a later date.
Description of risk	Annington Limited is a wholly owned subsidiary of Annington Holdings (Guernsey) Limited (AHGL). In 2020 and 2021, AHGL qualified as an offshore, UK property rich collective investment vehicle for the purposes of the UK legislation which charges non-UK residents to UK corporation tax and capital gains tax on gains arising from direct and indirect disposals of UK land held as an investment. Pursuant to that legislation, AHGL made an election for exemption (for itself and the Group) from UK tax on such disposals, which became effective from 27 May 2020. In broad terms, the effect of the election was that those disposals are exempt from UK tax, and instead UK tax was chargeable at the level of the investors in AHGL when those investors receive from AHGL distributions of the proceeds of such disposals (as well as upon disposal by those investors of their interests in AHGL). As a result, the election prevented tax charges from arising within the Group or at the level of AHGL (where they would economically be borne by all investors) and instead imposed tax on the investors themselves (who may then be able to benefit from any tax exemptions to which they are entitled in their own right). AHGL ceased to be property rich on 9 January 2025 and had nine months to re-meet the requirement to be UK property rich. This was not achieved and therefore additional taxation balances have been recognised within the Group accounts.
Mitigating strategies	AHGL closely monitors its obligations to ensure compliance with HMRC obligations. Given the conditions are no longer met, the Group has recorded appropriate tax balances within its accounts from the point the exemption was no longer available.

ANNINGTON LIMITED

STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG')

Sustainability Strategy

Annington believes that being a good corporate citizen and being commercially successful go hand in hand. The Group's commitment to sustainability is based on its desire to make society and the communities in which it operates better places, whilst recognising that it brings a commercial advantage, contributes to management of risks within operations, increases efficiency, and enhances the Group's reputation with key stakeholders.

Annington understands that the successful implementation of its strategy is dependent on robust, transparent governance. Having clear accountability drives its sustainability ambition to create high quality, sustainable family homes and communities where people want to live. Therefore, its strategy focuses on long-term sustainability of the homes it refurbishes, the places it operates and how it improves its outcomes for people.

The Group's sustainability strategy is overseen by the ESG Taskforce. The Taskforce is led by the Group's CEO who has Board level responsibility for sustainability. Standing members of the taskforce include representatives from each part of the business where sustainability issues form part of their role. The Taskforce meets throughout the year, and sustainability is a standing agenda item at quarterly Board meetings.

In the reporting period, the Group continued to develop its Sustainability Strategy and its two overarching Objectives – Climate Resilience, and People and Communities. The sections below provide an overview of the Group's Sustainability Objectives.

Climate Resilience

Reporting Framework and Oversight

The Group and the Board of Directors recognise and understand that the nature of the business has environmental impacts and that it has a responsibility to consider and minimise these impacts where possible. The Group has a suite of environmental policies which apply to the Group, its contractors and suppliers which have been adopted by the Board and are regularly reviewed and updated.

In the reporting period, the Group continued to focus on two priority topics – carbon emissions and energy efficiency, and clean energy. The Group continued to consider how to contribute to the UK's stated aim to be Net Zero by 2050 and during the reporting period, commissioned its fifth carbon foot printing exercise. Using the internationally accepted standard, the Greenhouse Gas Protocol, the exercise determined the emissions and activities that fell within the Group's operational and organisational control. Emphasis was once again given to reporting relevant Scope 3 emissions categories – Use of Sold Products, Capital Goods, Transportation and Distribution, Fuel and Energy Related Activities, Employee Commuting and Homeworking, Waste Produced in Operations, Purchased Goods and Services and Business Travel. The insights gained into emissions hotspots continued to be key in informing the Group's planned carbon reduction strategy. Work continued to best incorporate low-carbon sources of heating and other energy efficiency measures into the Group's refurbishment projects to future-proof these homes for the next generation of occupants. In line with UN Sustainable Development Goal ('SDG') 7 (Access to affordable, reliable, sustainable, and modern energy for all), the Group has utilised renewable energy sources in past new builds, including ground source heat pumps and PV panels.

The Group welcomes the recommendations of the TCFD and recognises the impetus this will provide for companies and stakeholders to understand relevant climate-related risks and to ensure appropriate risk mitigation processes are in place. The Group continues to use the TCFD recommendations as a reference point as they are considered to be a good entry point for moving towards the further guidance provided by IFRS S1 and S2. The Group plans to further progress its climate disclosures in line with best practice.

The table in Appendix 4 shows a summary of the Group's progress against the TCFD recommendations.

ANNINGTON LIMITED

STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG') (continued)

On-site Activity

The Group has policies in place governing the supply of materials and development practices; its Sustainable Procurement Policy outlines that materials and products are to be ethically sourced and have a low environmental impact while also maintaining its technical standards. Management has developed the supply chain, allowing for more visibility and control over the materials sourced for current and future projects. The Group continued to work with its suppliers when compiling material specifications for its projects. It incorporates sustainable design principles in all its projects to reduce the negative impacts on the environment, minimising waste and reducing the consumption of non-renewable resources and creating healthy, productive environments.

The Group's Environmental Policy guides management and its employees on reducing the consumption of utilities and materials as well as minimising the amount of waste produced on site. Given the nature of materials found across former MQE properties, the Group has standardized requirements regarding specialist waste disposal and where possible seeks to reuse materials on site.

Within the Group, Annington Property Limited (APL) has an obligation to report carbon usage under the Streamlined Energy & Carbon Reporting ('SECR') regulations. The wider Group also monitors its use of energy and resources and its policies in this area are summarised here. The metrics used to monitor the Group's energy consumption and greenhouse gas ('GHG') emissions are set out later within this section of the report. The risks and opportunities identified by the Group with respect to the environment are:

Opportunity /risk:	Impact and strategy:
Some Units may require a complete demolition and rebuild. While this has a higher environmental impact than refurbishment, there is an opportunity to recycle materials from the demolition.	The use of recycled material has short- and long-term cost savings; concrete can be crushed and used for footpaths and non-adoptable highways as well as bed and backfill for drainage purposes. Often, recycled material can be used directly on the rebuilt site allowing for transportation charges (and related emissions) to be saved. The Group's Sustainable Procurement Policy guides its purchasing to ensure it is sourcing low impact materials. As new development or dilapidation work is undertaken, the Group will investigate opportunities for the use of recycled materials and products.
Given the geographic spread of the Group's portfolio and proximity to MoD bases, there is a risk of Site contamination from previous uses.	Failure to identify and clean past contaminates could result in health regulatory charges and increased remediation costs. While there is a potential for high costs, the likelihood of this risk is relatively low. Over 29 years, only two Sites have been found to have traces of contamination, and both were appropriately remediated. The Group will always inspect sites and undertake remediation work where necessary, removing contaminated material and securing a 'clean and inert' status. In relation to this, the Group complies with all legislation and Health and Safety regulations with regards to the handling of hazardous/contaminated material.
The potential impact of climate change on the Group's portfolio.	A physical climate risk assessment has been completed, and the Group will integrate climate risk in its future decision-making process. Specialist advice and recommendations will continue to be sought to further understand how climate change could potentially impact the portfolio in the short, medium and long-term.

ANNINGTON LIMITED

STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG') (continued)

Greenhouse Gas Reporting

The Group reports its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The data detailed in this table represent emissions and energy use for which Annington are responsible, including electricity and gas use in its offices, electricity used in the common parts of the properties in its portfolio and fuel used in its vehicles.

The below figures detail the Group's total emissions by activity and scope in the financial years:

	2026		2025	
	Energy (kWh)	tCO ₂ e	Energy (kWh)	tCO ₂ e
Direct Emissions (Scope 1)				
Natural gas	2,953,098	540.3	2,528,462	462.5
Owned vehicles	140,267	32.5	284,391	62.7
	3,093,365	572.8	2,812,853	525.2
Indirect Emissions (Scope 2)				
Electricity	1,539,907	272.6	1,486,247	307.7
Other Indirect Emissions (Scope 3)				
Electricity T&D ¹	-	28.5	-	27.2
Grey Fleet ²	66,430	16.4	88,140	20.3
Total emissions	4,699,702	890.3	4,387,240	880.4

¹Electricity Transmission and Distribution (T&D) refer to indirect emissions associated with grid losses which occur when getting electricity from power plant to organisation.

²Grey fleet relates to emissions and fuel used for transport in company vehicles or reclaimed mileage for private cars used on business.

Scope 1 emissions relate to direct emissions from greenhouse gases sourced, owned or controlled by the organisation.

Scope 2 emissions relate to indirect emissions from the generation of imported electricity, heat or steam consumed by the organisation.

Scope 3 emissions relate to other indirect emissions, which are the consequences of an organisation's activities but arise from sources that are owned or controlled by other entities.

Carbon emissions overall increased by 1% from 880.4 tCO₂e in 2024/25 to 890.3 tCO₂e in 2025/26. This marginal increase is partially attributed to a 7% rise in overall energy use, including a 17% increase in gas consumption. However, this has been offset by a 48% decrease in emissions from owned vehicles, and an 11% decrease in electricity usage and a 19% decrease in grey fleet travel. The decrease in owned vehicles emissions is due to more employees under the new electric vehicle car scheme.

There was a 6% decrease in APL void floor space, as more Units entered the rentals portfolio. 82% of Annington's total emissions during the reporting period were associated with its unoccupied property portfolio under direct control.

The proportion of scope 1 vs scope 2 is highly dependent on the type of properties released to the Group and whether they are connected to gas or electricity supplies and the timing of subsequent rentals or sales.

Methodology: In order to calculate emissions, the requirements of the Greenhouse Gas Protocol: Corporate Standard (2004:2015) have been used along with the UK Government GHG Conversion Factors for Company Reporting 2025. Any estimates have been derived from actual historic consumption data or based on spend. No global energy use or emission data has been used as all Group activity took place in the UK.

Intensity metric: The Group's emission intensity metric is calculated using the estimated floor space of Annington's controlled and unoccupied properties (ft²) as this reflects the operational boundary of Annington's emissions reporting. Annington's SECR scope emissions for 2025/26 is 2.19 tCO₂e per 1,000 ft² of unoccupied and controlled properties. The previous year's figure (2024/25) was 2.03 tCO₂e per 1,000 ft². This shows a year-on-year increase of 8%.

ANNINGTON LIMITED

STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG') (continued)

Energy efficiency actions/undertakings: In the reporting period, revision of the company vehicle scheme to EVs reduced emissions associated with fuel consumption by 48% against the previous reporting period. This is the second reporting period since the Group moved its head office from James Street to Hays Galleria. Part of the rationale for choosing the new office was the significant improvement in energy performance, as indicated by its EPC rating. This has resulted in a reduction of 11% in overall electricity use during the reporting period.

People and Communities

In the reporting period, the Group concentrated on three priority topics.

- Health, safety, and wellbeing (employees and contractors) - Ensuring high-quality health and safety and wellbeing throughout its operations and promoting good wellbeing through across its workforce.
- Health and safety (customers) - Creating healthy homes by upholding high-quality health and safety standards.
- Equality, diversity and inclusion - Ensuring equal treatment for all, supporting diverse talent, and promoting an inclusive culture across its workforce and industry.

The Group is closely aligned to UN SDG 8 (Decent Work and Economic Growth) and requires suppliers and contractors to share its commitment to quality, health and safety and environmental issues. Annington is committed to providing a safe working environment, with both its own and its contractors' safety management systems complying with UK Health and Safety legislation. It monitors and assesses implementation of its policies and systems through monthly independent health and safety checks on active sites, in addition to requiring contractors to undertake their own regular health and safety checks, as part of their contractual obligations. The Group complies with the Modern Slavery Act (2015) and maintains an Annual Slavery and Human Trafficking Statement, which is available at www.annington.co.uk.

Noting the increased number of refurbishment projects over the last two years and the consequent increased activity on-site, management can report the following:

	2026	2025
Contractor incidents	12	4
Incidents reportable under RIDDOR	2	Nil
Employee work incidents	1	1

Annington values its employees' commitment, professional development, and health and wellbeing and, in doing so, is aligned with the overall purpose of UN SDG 8 (Decent Work and Economic Growth). A comprehensive range of benefits aimed at promoting physical and mental health as well as excellent opportunities for personal and professional development are available to all staff. The Group continued to operate a hybrid working model and Cycle to Work scheme. The Group understands the benefits of life-long learning and as such is aligned to UN SDG 4. Continuing professional development courses, more tailored to their roles, were undertaken by staff. In the financial year, the Group invested an average of £978 per employee (2025: £896).

Annington's refurbish, repurpose, and revive ethos presents a unique opportunity to reinvigorate communities that have been neglected and, in some cases, abandoned, and in doing so, is aligned to UN SDG 11 (Sustainable Cities and Communities). Over and above internal refurbishment, the Group routinely works to improve the 'street scene' on its Sites to make the communities in which houses are situated more sustainable and more desirable places to live.

Many of Annington's suppliers and contractors are long-term partners and it is committed to treating them fairly. The selection process focuses on identifying companies who have proven experience in the industry, ensuring that they deliver high quality results and give the best results for customers.

ANNINGTON LIMITED

STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG') (continued)

Diversity & Inclusion

Management is committed to supporting and achieving a working environment where equality and diversity are recognised, encouraged, and valued.

At 31 March 2026, there were 46 employees (2025: 55) with employee turnover at 18.2% (2025: 17.6%). The overall gender, age and ethnicity split of the workforce is as follows:

Equal opportunities reporting:		
Age Range:	Under 30	5
	30-50	28
	Over 50	13
Average Age:		43
Gender Split:		52% Male (24); 48% Female (22)
Ethnicity:		69.6% White; 21.7% Asian/Black/Mixed; 8.7% Other or not disclosed
Number of reported incidents of harassment and/or discrimination in the workplace:		Zero

	Male	Female	Total
Annington Limited Board	5	1	6
Senior executive team (excl. board members)	1	2	3
All employees	24	22	46

Investing in Communities

The Group is passionate about supporting the communities local to its developments and made monetary donations of £0.1 million (2025: £0.6 million) to charitable organisations in the year. All charity partners and projects are assessed against four key principles and are aligned with the Group's corporate identity and values. It is the Group's intention that its charitable support will:

- Make a tangible and measurable difference to those receiving the Group's help;
- Work to alleviate disadvantage, ensuring fair and equitable treatment;
- Create a sense of community amongst military families and veterans; and
- Create opportunities for beneficiaries aimed at improving their lives.

In addition to the donations outlined above, the Group also allows each employee to take up to three days paid leave to undertake volunteering work.

For details on the charities that Annington has worked with during the year please refer to the Sustainability-Social section of Annington's website, found at www.annington.co.uk/sustainability/social/.

ANNINGTON LIMITED

STRATEGIC REPORT

Stakeholders - Statement on s172 of the Companies Act 2006

s172(1) of the Companies Act requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In meeting this requirement, the Group engages with various stakeholders in many ways:

Stakeholder:	How the Board consults and considers stakeholder interests	More information
Customers	For individual customers, the Group maintains regular engagement with solicitors and agents and makes available a customer helpline to facilitate feedback.	See the People and Communities section under Environmental, Social and Governance ('ESG').
Shareholders and Bondholders	The Board comprises Non-Executive Directors, Terra Firma Directors and Executive Directors. This enables the Board to consult with Shareholders in real time. Further to this, members of the Board are in regular contact with Terra Firma representatives through informal meetings and formal events such as conferences and scheduled management meetings. The directors believe that maintaining effective communication with the bondholders is essential to the successful running of the Group and so strives to ensure transparent reporting and provision of information. Beyond regular financial reporting, the Group provides update conference calls on at least an annual basis.	See the Directors' Report disclosures on Board and committee composition and Ownership Structure. See the Financing section of the Financial Review section.

ANNINGTON LIMITED

STRATEGIC REPORT

Stakeholders - Statement on s172 of the Companies Act 2006 (continued)

Stakeholder:	How the Board consults and considers stakeholder interests	More information
Suppliers	Via the management team's regular contact with suppliers, the Group maintains strong relationships and open lines of communication. Information gained via these relationships is available to the Board via the Executive Directors and department heads who are welcomed at Board meetings in an ex officio capacity. The Group considers the interests of suppliers in many ways and this is evidenced by the Group's commitment to health and safety, regular communication with suppliers and paying suppliers promptly.	See the People and Communities section under Environmental, Social and Governance ('ESG').
Employees	The Group has a small number of employees and ensures the welfare and concerns of staff are taken into account when making decisions impacting them. The Group communicates with employees through a weekly update of the intranet detailing all relevant business, market and staff news. Executive Directors meet weekly with key members of operational management and regular feedback is passed through senior managers' meetings. Staff Forums are held where all staff are invited to attend and participate, at least annually. Employees are anonymously surveyed on an annual basis to gauge attitudes and sentiments to a range of factors, issues, and concerns.	See the People and Communities section under Corporate Responsibility.
The community	The Group makes efforts to support the communities in which its portfolio is located. The Group committed to the Armed Forces Covenant in 2018, providing a number of benefits to service personnel.	See the People and Communities section under Environmental, Social and Governance ('ESG').
The environment	The Group considers the impact on the environment based not only on safety but also on benefit to the community. Decisions are taken in line with its Sustainable Procurement Policy to reduce its impact on the environment.	See the section on Climate Resilience and On-site Activity section under Environmental, Social and Governance ('ESG').

ANNINGTON LIMITED

STRATEGIC REPORT

OUTLOOK AND GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategy and Business Review and Financial Review as well as in this section.

The Group is proud of the role it continues to play in addressing the current housing shortage in the UK housing market. During the year, the Group adding 524 Units to the Group's lettable portfolio through the completion of 226 refurbishments and the acquisition of 298 Units. A further 323 Units are currently under refurbishment and the Group continues to review a number of acquisition opportunities.

At 31 March 2026, the Group, through Annington Funding Plc ('AFP'), had £0.7 billion of outstanding unsecured corporate bonds in five tranches. The Group also held just under £1.4 billion of cash and cash equivalents at year 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 (see discussion on "*Identifying new investment opportunities*" above). 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.

In addition to the significant cash reserves at year 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 year 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 and the war in Ukraine. Possible downside effects considered included falling house prices, falling rental values and increased arrears from tenants. While the Board strongly rejects the basis upon which the Notices of Acceleration have been issued by the Trustee of some of its Notes, the matter has been considered as part of this going concern exercise for completeness. 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 financial statements. Accordingly, they adopt the going concern basis in preparing the Annual Report and Financial Statements.

This Strategic Report is approved by the Board of Directors and signed on behalf of the Board.

I Rylatt
Director
21 September 2026

REGISTERED OFFICE
Hays Lane House
1 Hays Lane
London
United Kingdom
SE1 2HB

ANNINGTON LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2026.

Directors

The Directors who served throughout the year and up to the date of approval of the financial statements, except as noted, were as follows:

Baroness Helen Liddell (Chairman) <i>Independent Non-Executive Director</i> Appointed 1 April 2017	Baroness Helen Liddell has considerable political experience, having previously been a Member of Parliament from 1994-2005, during which time she held a variety of influential positions including Economic Secretary to the Treasury, Minister for Transport, Minister for Energy and Competitiveness in Europe and the Secretary of State for Scotland. Prior to entering Parliament, she held positions in the Scottish Trades Union Congress, worked for the BBC, the Labour Party, the Scottish Daily Record and the Sunday Mail and was the Chief Executive of Business Ventures.
Jonathan Short (Deputy Chairman) <i>Independent Non-Executive Director</i> Appointed 1 April 2017	Jonathan Short has a background predominately in banking and finance, having worked for American National Bank and Trust Company, S.G. Warburg, Baring Brothers, Lazard and Pramerica Real Estate Investors before setting up his own fund in 2007, Internos Global Investors, now known as Principal Real Estate Investors, an investment manager operating a broad range of real estate investment solutions. Jonathan has established a business, IREMIS, a specialist pan-European real estate investment manager, whose first Fund is focussed on hotels and is also Chairman of Living REIT PLC and Heylo Housing Group Limited both UK residential oriented companies.
Ian Rylatt <i>Chief Executive Officer</i> Appointed 7 May 2021	Ian Rylatt joined Annington in April 2021 from Balfour Beatty plc where he was Chief Executive Officer for a number of group businesses and member of the group Executive Committee. Since 2012, Ian was Chief Executive Officer of Balfour Beatty Investments, responsible for all the business's infrastructure and real estate / PRS investment activities including its US multi-family housing business and its Military Housing business, managing c. 35,000 homes for the US Department of Defense. Ian initially joined Balfour Beatty in 1998 as a Business Development Director. Prior to Balfour Beatty Ian held a number of finance and equity investment related roles within Rolls Royce plc.
Bruce Naylor* <i>Chief Financial Officer</i> Appointed 1 August 2026	Bruce Naylor is a qualified accountant (ICAEW and CAANZ) with 25 years' experience. After a 10 year career with Deloitte in Sydney and London working across audit and advisory, with UK, European and American listed and large PE backed clients Bruce joined Annington in 2011, where he has held a number of senior roles before being appointed CFO in 2026.
David Rys Thomas <i>Non-Executive Director</i> Appointed 24 October 2025	David Thomas is a Principal at Terra Firma, has over 10 years experience at Travers Smith, including secondments to 3i and RBS, and a law degree from Durham University.
Ishan Bharadwaj <i>Non-Executive Director</i> Appointed 30 April 2024	Ishan Bharadwaj is a Principal at Terra Firma, primarily focused on new deal opportunities and has over 13 years experience in private equity. Ishan was previously a director at H.I.G Capital.

*Bruce Naylor appointed as an alternate director for Stephen Leung on 28 January 2026 and ceased to act in this role, consequently resigning on 19 February 2026.

Stephen Leung ceased to be a Director on 1 August 2026.

Christopher Severson ceased to be a Non-Executive Director on 24 October 2025.

ANNINGTON LIMITED

DIRECTORS' REPORT

Change in executive management

In 2026, Stephen Leung announced a plan to retire. The Nomination and Remuneration Committee, as part of a planned succession strategy, confirmed the appointment of the internal candidate Bruce Naylor, as CFO, allowing for a smooth transition. Consequently, on 1 August, Stephen Leung stepped down from his role as CFO and Director and Bruce Naylor was appointed. The Board would like to thank Stephen for his years of dedicated service and congratulates Bruce on his appointment. The board believes that his extensive experience and deep understanding of the business position him well to support the Group's continued success.

Corporate governance arrangements

The Group has not applied a formal corporate governance code as it believes its established and previously applied corporate governance principles currently sufficiently align with published corporate governance codes.

The Board sets the strategy, values and culture for the Group in furthering its success. To help them achieve this, the Board:

- delegates responsibilities to various committees, the functions and compositions of which are set out below;
- fosters relationships with stakeholders (refer to ESG section of the Strategic Report, including the statement on s.172 of the Companies Act); and
- conducts risk assessments, develops and implements risk management systems in order to manage and mitigate identified risks (refer to the Principal Risks and Uncertainties section of the Strategic Report).

Board and committee attendance

The number of board and committee meetings attended by each Director during their directorship within the 2026 financial year was as follows:

	Board	Audit Committee	Nomination and Remuneration Committee	Overall Attendance
Total number of meetings	4	4	2	
Baroness Helen Liddell	4	4	2	100%
Jonathan Short	4	4	2	100%
David Thomas	2	2	0	100%
Ishan Bharadwaj	4	4	2	100%
Ian Rylatt	4	4	*2	100%
Stephen Leung	4	4	*2	100%
Christopher Severson	2	2	2	100%

* – Director was not a member of the committee therefore attendance was not required.

Bruce Naylor was not a Director for any meetings during the year.

Directors' indemnities

Qualifying third party indemnity provisions were in place for all Directors of the Company and its subsidiaries for the current and preceding year.

The role of the Board

The Board is responsible for the long-term success, strategic direction and delivery of operational objectives. The Board provides leadership of the Group within the framework of prudent and effective controls, which enables risk to be assessed and managed. It sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for it to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Details of the Board and committee composition, remit and frequency of meeting

Board of Directors

The Board of Directors comprises at least two independent, Non-Executive Directors, up to two further Non-Executive Directors, who may be employed by Terra Firma Capital Partners Limited and the Group's Executive Directors. The Chairman is drawn from the Non-Executive Directors. The Board meets formally each quarter to review issues, progress being made and performance against budget, however additional meetings may be called to discuss any issues which may require resolution prior to the next formal Board meeting.

ANNINGTON LIMITED

DIRECTORS' REPORT

Audit Committee

The Audit Committee includes independent, Non-Executive Directors and at least one Non-Executive Director employed by Terra Firma Capital Partners Limited. Alongside other responsibilities, the Committee considers the ongoing effectiveness of controls and procedures operated by the executive team and considers whether there is a need for an internal audit function. With respect to external audits, the Committee receives a report from the Auditor presenting the audit plan prior to commencement of audit work and a report following substantial completion thereof, and conducts an assessment of the effectiveness of the external audit process. The Committee has specifically considered the appropriateness of preparing financial statements on the 'going concern' basis.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes the Chairman, Deputy Chairman and at least one Non-Executive Director employed by Terra Firma Capital Partners Limited. The Committee meets as required, but at least once per annum, to consider the overall remuneration packages of all staff and to review the staff appraisal process, which provides evidence for salary reviews and/or award of discretionary bonuses. The appraisal process seeks to identify individual development and training potential as well as assessing historical performance.

Finance Committee

The Finance Committee includes at least two Non-Executive Directors and up to two Non-Executive Directors employed by Terra Firma Capital Partners Limited and two Executive Directors. The Committee meets as required to consider appraised project strategies above the Investment Committee's approval threshold along with financing strategy. Any major projects or significant investments are referred to the Board for approval. No meetings were necessary during the year.

Investment Committee

During the year, the Investment Committee has included the Executive Directors and senior executives. The Committee meets as required to discuss and consider project strategies. Any major projects or significant investments or sales will be referred to the Finance Committee or Board for ultimate approval.

Risk Committee

The Risk Committee includes the Executive Directors and senior executives. It meets not less than six monthly to review and discuss the departmental and Group level risk registers.

Operational Review Meetings

The Executive Directors, along with key members of operational management, meet every Monday morning to consider results from the previous week, provide an update on short-term issues and to prioritise work for the coming week. This meeting forms the basis for compiling a weekly report which is subsequently sent to Terra Firma Capital Partners.

A meeting of Executive Directors and key senior management is held quarterly. This ensures that all those present are kept up to date with the Group's progress and any issues affecting the operations of the Group. Those present are charged with disseminating the information to their teams. Each senior manager also produces a monthly progress report and has monthly progress meetings with the Chief Executive, on a one-to-one basis.

A summary of board composition and its diversity as at 31 March 2026 is set out in the tables below:

Board composition

Independent Non-Executive Chairman and Director	1
Independent Non-Executive Director	1
Non-Executive Director	2
Executive Director	2
Total number of Directors	6

Non-Executive Director tenure (including the Chairman and excluding Executive Directors)

Under 3 years	2
3 – 9 years	2

Gender diversity (including the Chairman)

Female	1
Male	5
Total	6

ANNINGTON LIMITED

DIRECTORS' REPORT

Remuneration Report

The Nomination and Remuneration Committee meets as required but at least annually to review all salary, bonus, any long-term incentive plans and other benefits available to Directors and staff, to ensure remuneration packages continue to be competitive in order to attract, retain and motivate experienced individuals and to drive the Group forward in achieving its objectives.

All staff are employed by the Group through Annington Management Limited as lead employer. It has always been the Group's policy to maintain a small core team to manage the activities of the Group and to outsource certain operational activities to other organisations. This has allowed Annington to access professional services as required, enabling the Group to manage the fluctuating activity levels in the portfolio across England and Wales more efficiently. Where employee turnover has occurred, the Group has adapted its structure to meet current and expected future requirements.

The Group operates an annual staff appraisal process, requiring managers and their staff to discuss the year completed, to address any issues arising and to provide staff development where appropriate. These meetings are also used to set objectives for the coming year. The appraisal form is reviewed by the relevant Director and each individual is 'scored' across a series of headings. The appraisal process has been further developed during the year to include interim appraisals which allows staff to revisit and refocus on objectives set, and to ensure alignment with the requirements of the annual bonus process. As in previous years, all staff appraisals are subject to review by the Remuneration Committee.

Details of the Directors' remuneration are included in Note 6.

Guidelines for Disclosure and Transparency in Private Equity

The Group is defined as a portfolio company for the purposes of the 'Guidelines for Disclosure and Transparency in Private Equity' issued by the Guidelines Monitoring Group. This Annual Report and Financial Statements, comprising the Strategic Report, the Directors' Report, the Financial Statements and the Notes to the Financial Statements has been prepared in accordance with Part V of that document 'Guidelines for Enhanced Disclosure by Portfolio Companies and Private Equity Firms'.

Ownership structure and economic benefit

Annington Holdings (Guernsey) Limited ('AHGL'), a company registered in Guernsey, is the immediate parent of Annington Limited. AHGL is a subsidiary of the Terra Firma Special Opportunities Fund I ('TFSOFI'), with a further ownership interest held by the Terra Firma Special Opportunities Fund II ('TFSOFII'). TFSOFI and TFSOFII are managed by General Partners that are ultimately owned by Terra Firma Holdings Limited (Guernsey), a company registered in Guernsey, which the Directors regard as the ultimate parent entity. The ultimate controlling party is Guy Hands.

TFSOFI was established as a single asset fund with the purpose of acquiring Annington from Nomura. Terra Firma had previously managed Nomura's investment in Annington. Having raised funds from investors around the world, both institutional and private, TFSOFI closed in December 2012. In 2017, to further support Annington's growth strategy, Terra Firma raised TFSOFII, as a parallel investor in Annington. Terra Firma appoints up to two Directors to the Board of Annington Limited.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found within the Outlook and Going Concern section of the Strategic Report.

Charitable and political donations

During the year the Group made charitable donations of £0.1 million (2025: £0.6 million), principally to local charities serving the communities in which the Group operates. The Group made no political donations during the year (2025: none).

Further information on the charitable activities of the Group is provided in the Strategic Report.

Financial instruments and risk management policies

Financial instruments and risk management policies are addressed in Note 20.

ANNINGTON LIMITED

DIRECTORS' REPORT

Links to Strategic Report

The areas of potential risks and uncertainty which face the business, details of its financing and its future outlook are addressed in the Strategic Report. An indication of likely future developments in the business and development activities are included in the Strategic Report. Information regarding stakeholder engagement and ESG reporting, including carbon reporting, is included in the Strategic Report.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Dividends

The Group has not declared or paid any dividends in the year (2025: £1.93bn). The Group does not plan to make a further distribution at this time, with cash instead being held to make further property investments and fund the working capital requirements of the Group.

Subsequent events

None noted.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and arrangements have been put in place for them to be re-appointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

B Naylor

Director

21 September 2026

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SE1 2HB

ANNINGTON LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the 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 the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with IFRS Accounting Standards as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ANNINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Annington Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2026 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 32 and a to j.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ANNINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included health and safety laws, data protection laws, anti-bribery, environmental and sustainability regulations, planning regulations and landlord and tenant legislation.

We discussed among the audit engagement team including relevant internal specialists such as tax, real estate valuations, financial instruments, and IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

ANNINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON LIMITED

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address it are described below:

Valuation of investment property, specifically the net initial yield assumption used in valuing the Group's portfolio of let properties. This area involves significant judgement due to the use of assumptions and estimates in deriving the valuation. To address this risk, we engaged our real estate valuation specialists to challenge key assumptions by benchmarking them to available market data and assessing the appropriateness of the rationale and evidence provided, ensuring the assumptions were within an acceptable range.

For the company, the valuation of investments in subsidiary companies requires significant management judgement, particularly in determining the premium or discount applied to the underlying net asset value of the subsidiaries. We evaluated the methodology adopted by management, assessed the reasonableness of key assumptions and market comparators used, agreed relevant inputs to supporting documentation, and considered available market evidence to assess whether the resulting valuation was reasonable.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 respect of these matters.

ANNINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON LIMITED

Use of our report

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. 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.

Helen Wildman ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
21 September 2026

ANNINGTON LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Property rental income	4	16,163	198,466
Property operating expenses		(8,204)	(9,816)
Net rental income	4	7,959	188,650
Other operating income	5	48	9,319
Administrative expenses		(13,155)	(26,547)
Other operating expenses		(933)	(605)
Enfranchisement Proceedings costs	5	(116)	(4,709)
Profit/(loss) on disposal of investment properties	7	1,608	(791,293)
Loss on disposal of inventory		-	(21)
Unrealised property revaluation gains/(losses)	10	4,126	(24,002)
Share of results of joint ventures after taxation	13	403	(215)
Impairment of joint ventures	13	(127)	-
Operating loss	5	(187)	(649,423)
Finance income	8	52,225	28,411
Finance costs	8	(25,122)	(124,265)
Gain on bond refinancing	8	-	208,148
Trustee transition and professional costs	8	(2,660)	-
Profit/(loss) before taxation		24,256	(537,129)
Taxation charge	9	(18,678)	(109,290)
Profit/(loss) for the year after taxation		5,578	(646,419)

The accompanying Notes (1 to 32) should be read in conjunction with these financial statements.

ANNINGTON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Profit/(loss) for the year		5,578	(646,419)
Items that may subsequently be recycled through the income statement			
Cash flow hedge:			
Fair value losses on cash flow hedge	20	-	(1,396)
Losses arising on cash flow hedge reclassified to income statement	8	-	1,723
Recycling of hedge reserve on termination of swaps		-	33
Total other comprehensive income		-	360
Total comprehensive profit/(loss) for the year		5,578	(646,059)
Total comprehensive profit/(loss) attributable to shareholder		5,578	(646,059)

The accompanying Notes (1 to 32) should be read in conjunction with these financial statements.

ANNINGTON LIMITED

CONSOLIDATED BALANCE SHEET At 31 March 2026

	Note	2026 £'000	2025 £'000
Non-current assets			
Investment properties	10	429,313	312,410
Plant and equipment	11	602	691
Right-of-use assets	12	3,119	3,654
Investment in joint ventures	13	1,149	694
Trade and other receivables	14	51,634	-
Deferred tax assets	9	19,658	3,503
		<u>505,475</u>	<u>320,952</u>
Current assets			
Trade and other receivables	14	7,789	68,909
Cash and cash equivalents	15	1,372,931	1,448,868
		<u>1,380,720</u>	<u>1,517,777</u>
Investment properties held for sale	10	4,019	18,375
Total assets		<u>1,890,214</u>	<u>1,857,104</u>
Current liabilities			
Trade and other payables	16	(18,199)	(19,094)
Rental income received in advance		(39)	-
Lease liabilities	18	(536)	(544)
Provisions	19	(8,365)	(10,367)
		<u>(27,139)</u>	<u>(30,005)</u>
Non-current liabilities			
Trade and other payables	16	(984)	(606)
Loans and borrowings	17	(720,763)	(720,516)
Lease liabilities	18	(2,611)	(3,115)
Deferred tax liabilities	9	(29,933)	(164)
Provisions	19	(15,703)	(15,195)
		<u>(769,994)</u>	<u>(739,596)</u>
Total liabilities		<u>(797,133)</u>	<u>(769,601)</u>
Net assets		<u>1,093,081</u>	<u>1,087,503</u>
Capital and reserves			
Share capital	21	-	-
Merger reserve	22	(10,000)	(10,000)
Retained earnings	24	1,103,081	1,097,503
Total equity		<u>1,093,081</u>	<u>1,087,503</u>

The accompanying Notes (1 to 32) should be read in conjunction with these financial statements.

The financial statements of Annington Limited, registered number 08271384, were approved by the Board of Directors and authorised for issue on 21 September 2026.

Signed on behalf of the Board of Directors

B Naylor
Director

ANNINGTON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026

	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
Loss for the year	-	-	-	-	(646,419)	(646,419)
Other comprehensive income	-	-	-	360	-	360
Capital reduction – transfer to retained earnings	(84,756)	(480,401)	-	-	565,157	-
Dividends paid	-	-	-	-	(1,930,000)	(1,930,000)
Balance at 31 March 2025	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>1,097,503</u>	<u>1,087,503</u>
Profit attributable to shareholder, being total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,578</u>	<u>5,578</u>
Balance at 31 March 2026	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>1,103,081</u>	<u>1,093,081</u>

The accompanying Notes (1 to 32) should be read in conjunction with these financial statements.

ANNINGTON LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Net cash consumed (by)/from operating activities	25	(4,303)	48,540
Tax paid		(7,820)	(34,150)
Net cash (outflow)/inflow from operating activities		(12,123)	14,390
Investing activities			
Proceeds from sale of investment properties		30,123	6,237,258
Development and acquisition of investment properties	10	(90,749)	(182)
Refurbishment expenditure on investment properties	10	(30,034)	(11,521)
Purchase of plant and equipment	11	(20)	(60)
Proceeds from the sale of plant and equipment	11	1	-
Investments in joint ventures	13	(179)	-
Interest received		52,783	27,451
Net cash (outflow)/inflow from investing activities		(38,075)	6,252,946
Financing activities			
Interest paid		(22,968)	(143,044)
Dividends paid		-	(1,930,000)
Trustee transition and professional costs		(1,904)	-
Repayments made on borrowings		(89)	(2,904,013)
Debt issuance costs and redemption fees		-	(31,975)
Payments made on settlement of swaps		-	(5,121)
Interest payments on lease obligations		(209)	(229)
Principal payments on lease obligations		(569)	(544)
Net cash outflow from financing activities		(25,739)	(5,014,926)
Net (decrease)/increase in cash and cash equivalents		(75,937)	1,252,410
Cash and cash equivalents at the beginning of the year		1,448,868	196,435
Exchange differences on cash and cash equivalents		-	23
Cash and cash equivalents at the end of the year	15	1,372,931	1,448,868

The accompanying Notes (1 to 32) should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026

1. CORPORATE INFORMATION

Annington Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of its registered office is Hays Lane House, 1 Hays Lane, London, United Kingdom, SE1 2HB. Information on the Group's ultimate parent is presented in Note 31.

2. MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards, comprising International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations). They have also been prepared in accordance with the Companies Act 2006.

These financial statements are presented in pound sterling, which is the functional currency of the parent company and the Group. All values are rounded to the nearest thousand (£'000), except where otherwise indicated. They have been prepared on the historical cost basis, except for investment properties that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

Subsidiaries are those entities controlled by the Group. Control is assumed when the Group has the power to direct relevant activities of an entity, exposure, or rights, to variable returns of an entity and the ability to use its power over an entity to affect the amount of its returns. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Going concern

At 31 March 2026, the Group, through Annington Funding Plc ('AFP'), had £0.7 billion of outstanding unsecured corporate bonds in five tranches. The Group also held just under £1.4 billion of cash and cash equivalents at year 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.

In addition to the significant cash reserves at year 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 year 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 and the war in Ukraine. Possible downside effects considered included falling house prices, falling rental values and increased arrears from tenants. While the Board strongly rejects the basis upon which the Notices of Acceleration have been issued by the Trustee of some of its Notes, the matter has been considered as part of this going concern exercise for completeness. In all circumstances, cash reserves were shown to be sufficient to fund the continued operation of the Group within the next 12-18 months.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

2. MATERIAL ACCOUNTING POLICIES (continued)

Going concern (continued)

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 financial statements. Accordingly, they adopt the going concern basis in preparing the Annual Report and Financial Statements.

Fair value measurement

Certain of the Group's accounting policies and disclosures require the measurement of fair values. Fair values are categorised into three different levels in a fair value hierarchy, in accordance with IFRS 13 Fair Value Measurement, and is based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information regarding the assumptions made in measuring fair values is included in Note 10 and Note 21.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant including rising inflation and interest rates, the war in Ukraine, and the continuing impacts of the UK's exit from the European Union. Actual results may differ from these estimates.

Further details regarding key sources of estimation uncertainty for the Group can be found within Note 9 (with respect to deferred tax), Note 10 (with respect to the valuation of investment properties) and Note 19 (with respect to the provision for utilities).

The Group rejects in its entirety the basis upon which the Notices of Acceleration have been issued by the Trustee of some of its Notes. Accounting within these accounts is therefore prepared on this basis.

New Standards, interpretations and amendments effective from 1 April 2025

The Group has adopted all new accounting standards, interpretations and amendments, which have become effective for the year ended 31 March 2026. The application of these has had no material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

3. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT 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)
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
UK SRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2027
UK SRS S2	Climate-related Disclosures	1 January 2027

IFRS 18 will replace IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation and disclosure of financial information within the financial statements, including defined subtotals in the statement of profit or loss and enhanced disclosures regarding management-defined performance measures. The Group is currently assessing the impact of adopting IFRS 18.

The Directors do not expect that the adoption of the above standard will have a material impact on the recognition or measurement of amounts reported in the financial statements, although additional disclosures and changes to presentation will be required.

In February 2026, the UK Government published UK Sustainability Reporting Standards ("UK SRS") S1 and S2, based on the ISSB Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The standards are currently available for voluntary use in the UK, with mandatory application for listed entities from January 2027. The Group is monitoring developments in relation to these reporting requirements.

4. PROPERTY AND NET RENTAL INCOME

ACCOUNTING POLICY

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.

	2026 £'000	2025 £'000
Property rental income	16,163	198,466
Property operating expenses on operational Units	(4,079)	(3,737)
Property operating expenses on non-operational Units	(4,125)	(6,079)
Net rental income	<u>7,959</u>	<u>188,650</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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

5. OPERATING (LOSS)/PROFIT

ACCOUNTING POLICY

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

	2026 £'000	2025 £'000
Other operating income		
Dilapidation income	44	9,290
Sundry income	4	29
	<u>48</u>	<u>9,319</u>
Total other operating income	<u><u>48</u></u>	<u><u>9,319</u></u>

	2026 £'000	2025 £'000
Depreciation of plant and equipment	109	119
Depreciation of right-of-use assets	595	619
(Gain)/loss on disposal of right-of-use assets	(2)	2
	<u><u>692</u></u>	<u><u>1,340</u></u>

	2026 £'000	2025 £'000
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company	77	75
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	413	375
	<u>490</u>	<u>450</u>
Total audit fee	<u><u>490</u></u>	<u><u>450</u></u>
Non-audit remuneration		
Other assurance services	-	235
	<u>-</u>	<u>235</u>
Total non-audit fee	<u><u>-</u></u>	<u><u>235</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

5. OPERATING (LOSS)/PROFIT (continued)

Enfranchisement Proceedings Costs

The Group has incurred costs to legally challenge the MoD's attempt to enfranchise eight Units forming part of the MQE. Following a joint hearing in the Administrative Court and Chancery Division, a judgment was handed down in May 2023 in which Annington's claims were dismissed. Annington subsequently applied for, and was granted, permission to appeal the judgment. The hearing of the appeal was scheduled to take place between 23 and 25 July 2024. On 15 July 2024, the Group and the MoD jointly applied for the July hearing to be vacated in order that the parties had time to explore whether a mutually satisfactory resolution to the proceedings could be identified. On 17 July 2024, the Court of Appeal agreed to vacate the hearing until the first available date (accounting for Court and Counsel availability) after 1 November 2024.

The costs relating to the Enfranchisement Proceedings and the resulting Settlement Agreement are outside the normal scope of the Group's operations and are material. Legal costs of £0.1 million (2025: £4.7 million) have been incurred in the year and have been disclosed separately in the income statement due to their exceptional nature.

As outlined in the Strategic report, the settlement process has brought an end to all ongoing legal proceedings between Annington and the MoD.

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

ACCOUNTING POLICY

Employee benefits

The Group provides a range of benefits to employees, including annual bonuses, long-term incentives, paid holiday arrangements and defined contribution plans.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is rendered. Long-term benefits are recognised in the income statement as and when vesting occurs over the period of the incentive scheme. Outstanding balances due to employees are shown as a liability.

The cost of providing contributions to employees' personal defined contribution schemes is charged to the income statement as contributions are made. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

	2026 £'000	2025 £'000
Directors' emoluments		
Aggregate emoluments representing short-term employee benefits	1,377	10,261

No retirement benefits are accruing to Directors. Emoluments, for the highest paid Director amounted to £0.7 million (2025: £4.2 million). No Directors' emoluments were paid to those Directors who are employed by Terra Firma Capital Partners Limited.

	2026 Number	2025 Number
Average monthly number of persons employed (including Directors)		
Administrative	29	36
Operations	23	29
	52	65

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Employment expenses are included within administrative expenses and are comprised of:

	2026 £'000	2025 £'000
Staff costs incurred during the year		
Wages and salaries including Directors' emoluments	6,802	16,062
Social security costs	1,065	2,392
Other pension costs	505	626
	8,372	19,080

The Company has no direct employees. All staff are employed by the subsidiary, Annington Management Limited, on behalf of the Group.

The other pension costs disclosed above represents the Group's contributions to employees' personal defined contribution pension schemes.

Wages and salaries include an accrual for future LTIPs. Wages and salaries for the comparative period include Long Term Incentive Plans (LTIPs) payments of £12.0 million which matured during that year. The amounts which are being accrued for future LTIP payments are payable across two tranches in April 2028 and April 2029, being the end of the period of the incentive scheme. These LTIPs are issued to both directors and certain employees. Where applicable, these are included in directors' remuneration when paid or upon becoming receivable.

7. PROFIT/(LOSS) ON DISPOSAL OF INVESTMENT PROPERTIES

ACCOUNTING POLICY

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. Where estimated costs were attributed to properties sold, but changes to those estimates were made in a subsequent period, they are recognised as late costs incurred and expensed/credited to profit on disposal of investment properties.

	2026 £'000	2025 £'000
Sales proceeds	30,905	6,240,568
Selling costs	(779)	(3,310)
Net disposal proceeds	30,126	6,237,258
Carrying value of properties disposed	(27,724)	(7,025,890)
Late costs incurred on Units sold	(794)	(2,661)
Total profit/(loss) on disposal of investment properties	1,608	(791,293)

During the year, disposals of 94 properties (2025: 36,840 properties) were completed.

Late costs relate mainly to the change in the estimated obligation to provide utility adoption services on base dependent Units that have been have sold in previous years (refer to Note 19).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

8. FINANCE INCOME AND COSTS

ACCOUNTING POLICY

Interest income is recognised over time, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance costs, including any transaction costs, are charged to the income statement using the effective interest rate method.

Gains or losses on the settlement of debt are recognised in the profit or loss at the date of derecognition, measured as the difference between the carrying amount of the liability and the consideration paid. Costs associated with securing favourable repurchasing pricing, which are not designated as hedging instruments, are recognised in the profit or loss when incurred.

	2026 £'000	2025 £'000
Finance income		
Interest receivable	52,214	27,801
Capital gains on Government bonds	11	610
Total finance income	52,225	28,411
Finance costs	2026 £'000	2025 £'000
Interest payable on unsecured fixed rate notes	22,243	97,470
Amortisation of issue costs	346	1,628
Interest payable on bank loans	-	21,491
Foreign exchange gain 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	1,630	1,683
Effect of change in discount rate on utilities provision	(105)	(132)
Other finance expenses	799	1,444
Finance costs on lease transactions	209	229
Total finance costs	25,122	124,265
	2026 £'000	2025 £'000
Gain on bond redemption	-	236,018
Bond repurchase price lock costs	-	(27,870)
Total gain on bond refinancing	-	208,148

In the prior year, the Group recognised gains on the refinancing of bonds, arising from the repurchase and early settlement of a number of its outstanding bonds (Note 17) at amounts lower than their carrying value.

In addition, the Group incurred bond repurchase price lock costs which were incurred to secure favourable pricing in advance of the buyback. These instruments were not designated as hedging instruments for accounting purposes and were recognised immediately within the profit or loss.

Trustee transition and professional costs

During the year, the Group incurred £2.7 million (2025: £Nil) of professional fees relating to an extraordinary resolution to replace the Trustee of the Company's bond portfolio and subsequent Notices of Acceleration which were received from one of the newly appointed Trustees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

9. TAXATION

ACCOUNTING POLICY

Taxation for the year comprises current and deferred tax, which is recognised in the income statement.

Current tax

Current tax is measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the balance sheet date. Taxable profit differs from profit before tax as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The Group has elected to offset the deferred tax assets and liabilities where:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

Key source of estimation uncertainty

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax losses can be utilised. The assessment of future taxable profit is based on management's judgement regarding the reliability of internal forecasts and estimates regarding future growth rates and costs. Estimates and assumptions could prove to be inaccurate, which may significantly affect deferred tax balances recognised.

	2026 £'000	2025 £'000
Current tax		
United Kingdom corporation tax at 25% (2025: 25%)	(5,064)	(33,161)
Deferred tax recognised in income statement		
Deferred taxation: origination and reversal of temporary differences	(13,614)	(76,129)
Total taxation for the year recognised in income statement	(18,678)	(109,290)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 25% (2025: 25%). The rate of tax for the current and preceding year differs from the standard tax rates for the reasons set out in the following reconciliation:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

9. TAXATION (continued)

	2026 £'000	2025 £'000
Profit/(loss) before taxation	24,256	(537,129)
Tax (charge)/credit at the standard rate	(6,064)	134,282
Factors affecting current tax for the year:		
Expenses not deductible for tax purposes	(529)	(197,348)
Non-taxable income	-	1,903
Revaluation of investment properties	-	(6,001)
Utilisation of tax losses	4,027	34,003
Disposal/purchase of investment properties	(2,468)	-
Taxable income from investments in partnership	29	-
Prior year adjustment	(1,068)	-
Deferred tax	(12,605)	(76,129)
Taxation for the year recognised in income statement	(18,678)	(109,290)

The March 2026 calculation of current and deferred tax use the 25% rate (2025: 25%).

Deferred tax

The movement in deferred tax is as set out below:

	Accelerated tax depreciation £'000	Investment properties £'000	Tax losses £'000	Total £'000
At 1 April 2024	(177)	-	79,645	79,468
(Charge)/credit to income statement	13	-	(76,142)	(76,129)
At 31 March 2025	(164)	-	3,503	3,339
Credit/(charge) to income statement	21	(26,783)	13,148	(13,614)
At 31 March 2026	(143)	(26,783)	16,651	(10,275)

Deferred tax assets and liabilities are offset where the Group is permitted to do so. The following is an analysis of the deferred tax balances:

	2026 £'000	2025 £'000
Deferred tax assets	19,658	3,503
Deferred tax liabilities	(29,933)	(164)
Net deferred tax (liabilities)/assets	(10,275)	3,339

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

9. TAXATION (continued)

At the balance sheet date, the Group has unused tax losses of £919.1 million (2025: £947.7 million) available for offset against future profits. A deferred tax asset of £19.7 million has been recognised in respect of these losses (2025: £3.5 million), leaving £210.1 million of unrecognised deferred tax assets (2025: £233.4 million). £3.4 million of £19.7 million deferred tax assets have been recognised, in accordance with the requirements of IAS 12, 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. Forecasts beyond the first year assume a significant contribution from future acquisitions. As the economic characteristics and tax consequences of each acquisition will vary, there is inherent uncertainty regarding the timing and level of future taxable profits. As a consequence, due to the lack of evidence available to support the forecast earnings from acquisitions, the recognised deferred tax asset at March 2026 represents the forecast utilisation of deferred tax assets for the next financial year (2025: one).

Annington Limited's immediate parent entity, Annington Holdings (Guernsey) Limited ('AHGL') made an election under para 12, Sch 5AAA, TCGA 92 on 26 May 2021 (the "exemption election"). The election had effect in relation to disposals of interests in UK land on or after 27 May 2020. On 9 January 2025, AHGL ceased to be UK property rich, and accordingly ceased to meet the applicable exemption election conditions. As AHGL did not subsequently re-obtain its UK property rich status within 9 months of 9 January 2025, the exemption election ceased to have effect from 9 January 2025.

Therefore, whilst any chargeable gains or losses arising from disposals of interests in UK land made by the Group up to 9 January 2025 are exempt from UK corporation tax on chargeable gains by virtue of the exemption election, chargeable gains or losses arising from disposals of UK land made by the Group from when the exemption election ceased to have effect on that date are not exempt from UK corporation tax on chargeable gains. A consequence of this is that the Group recognises deferred tax liabilities of £29.8 million relating to these capital gains at 31 March 2026, part of which would be offset by recognition of additional deferred tax assets of £16.3 million.

No deferred tax liabilities are recognised on temporary differences associated with investments in subsidiaries and interests in joint ventures for the current and preceding year in accordance with the accounting policy.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

10. INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment properties comprise property that is held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes and other professional fees. Subsequent to initial recognition, expenditure is capitalised to investment properties if it is deemed to enhance the value of the properties. At each year end, investment properties are revalued at fair value, adjusted for related provisions. The fair value is determined annually by professionally qualified external valuers on a portfolio basis such that individual property calculations are not performed. Changes in fair value are included in the income statement in the period in which they arise. As permitted by IAS 40, the Group does not derecognise replaced parts as it is assumed that through the application of the fair value model, the property values will reflect any losses in value at reporting date. No depreciation is provided in respect of investment properties.

Where specific investment properties are expected to sell within the next 12 months, their carrying value is classified as held for sale within current assets.

Investment properties are transferred to investment properties held for sale if their carrying amount is intended to be recovered through a sales transaction rather than continuing use. This condition is regarded as met if the sale is highly probable, the property is available for immediate sale in its present condition, the property is being actively marketed, and management is committed to the sale, which is expected to qualify as a completed sale within 12 months from the date of classification.

Investment properties held for sale continue to be measured in accordance with the accounting policy for investment properties.

Key source of estimation uncertainty

The valuation of the investment properties portfolio is inherently subjective as it utilises, among other factors, comparable sales data and the expected future rental revenues. The valuer exercises professional judgement when determining what market observations are used in the assessment of fair value. If any assumptions made in the valuation prove to be inaccurate, this may mean that the value of the investment properties portfolio differs from the valuation, which could have a material effect on the financial position of the Group. Further information regarding valuation techniques and inputs used in determining the fair value of investment properties is set out further on in this note.

	Investment properties £'000	Investment properties held for sale £'000	Total £'000
2026			
Valuation			
Carrying value at 1 April	312,410	18,375	330,785
Additions – development and acquisitions	91,527	2,385	93,912
Additions – refurbishment expenditure	31,614	-	31,614
Disposals	(6,931)	(20,793)	(27,724)
Change in utilities obligation	619	-	619
Transfer to investment properties held for sale	(3,603)	3,603	-
Unrealised property revaluation gains	3,677	449	4,126
Total carrying value at 31 March	429,313	4,019	433,332

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

10. INVESTMENT PROPERTIES (continued)

2025	Investment properties £'000	Investment properties held for sale £'000	Total £'000
Valuation			
Carrying value at 1 April	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)
	<u>312,410</u>	<u>18,375</u>	<u>330,785</u>

Properties would have been included on an historical cost basis at £245.4 million (2025: £140.9 million).

As at 31 March 2026, there were 15 (2025: 72) investment properties classified as held for sale, with disposal expected within the next 12 months.

	2026 £'000	2025 £'000
The carrying value of investment properties and investment properties held for sale comprises:		
Freehold	404,089	302,119
Long leaseholds	29,243	28,666
	<u>433,332</u>	<u>330,785</u>

	2026 £'000	2025 £'000
Reconciliation of fair value to carrying value:		
Fair value as estimated by the external valuer	427,045	320,797
Add: amounts included in utilities provision	6,287	9,988
	<u>433,332</u>	<u>330,785</u>

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 19) relating to properties still held by the Group.

Future minimum rents receivable under non-cancellable operating leases are disclosed in Note 27.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

10. INVESTMENT PROPERTIES (continued)

The Group's freehold and long leasehold interests in its investment properties were valued as at 31 March 2026 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 an income capitalisation 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 annual 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 year, are reviewed by Senior Management and other relevant people within the business. The valuers meet with the external auditor and also present directly to the Audit Committee at the year-end review of results.

The fair value measurement hierarchy level for all investment properties as at 31 March 2026 was Level 3 significant unobservable inputs (2025: 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
		Net yield on Units held for rent (%)	4.30 – 5.65%
Fair value at 31 March 2026	427,045	Costs included in valuation calculations	Cost estimates
		Profit & finance costs for significant refurbishment projects (%)	20.3%

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Investment Property portfolio as at 31 March 2026:

	Fair value £'000	Impact on Valuation £'000		Impact on Valuation £'000		Impact on Valuation £'000	
		Net Yield		Costs included in Valuation		Profit & Finance costs on significant refurbishment projects	
		+0.2%	-0.2%	+5.0%	-5.0%	+5.0%	-5.0%
Fair Value at 31 March 2026	427,045	(14,523)	15,765	(2,566)	2,566	(889)	889

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

10. INVESTMENT PROPERTIES (continued)

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.

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

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Investment Property portfolio as at 31 March 2025:

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

11. PLANT AND EQUIPMENT

ACCOUNTING POLICY

Plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life, which is determined for each asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The useful life applied to plant and equipment range between 2-10 years (2025: 2-10 years).

	2026	2025
	£'000	£'000
Cost		
At 1 April	1,332	1,281
Additions	20	60
Disposals	(20)	(9)
At 31 March	1,332	1,332
Accumulated depreciation		
At 1 April	641	530
Depreciation charge for the year	109	119
Disposals	(20)	(8)
At 31 March	730	641
Net book value		
At 31 March	602	691

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

12. RIGHT-OF-USE ASSETS

ACCOUNTING POLICY

The Group recognises right-of-use assets and corresponding lease liabilities with respect to lessee lease arrangements. Right-of-use assets are initially measured at cost, which comprises the amount equal to the initial lease liability measurement, adjusted for prepaid or accrued lease payments, lease incentives and any initial direct costs incurred. Right-of-use assets are subsequently depreciated over the shorter period of the lease term and useful life of the underlying asset. The average lease life on computer equipment is 5 years, buildings are 10 years and the motor vehicles are 3 years. For further information on the lease liabilities, refer to Note 18.

2026	Computer equipment £'000	Buildings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April	220	4,490	596	5,306
Additions	-	-	63	63
Disposals	-	-	(170)	(170)
At 31 March	220	4,490	489	5,199
Accumulated depreciation				
At 1 April	220	1,150	282	1,652
Depreciation charge for the year	-	411	184	595
Disposals	-	-	(167)	(167)
At 31 March	220	1,561	299	2,080
Net book value				
At 31 March	-	2,929	190	3,119
2025	Computer equipment £'000	Buildings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April	220	4,490	583	5,293
Additions	-	-	370	370
Disposals	-	-	(357)	(357)
At 31 March	220	4,490	596	5,306
Accumulated depreciation				
At 1 April	220	739	407	1,366
Depreciation charge for the year	-	411	208	619
Disposals	-	-	(333)	(333)
At 31 March	220	1,150	282	1,652
Net book value				
At 31 March	-	3,340	314	3,654

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

13. INVESTMENT IN JOINT VENTURES

ACCOUNTING POLICY

The results, assets and liabilities of joint ventures are accounted for using the equity method. Investments in joint ventures are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment. Losses in a joint venture in excess of the Group's interest in that entity are recognised only to the extent that the Group has incurred legal or constructive obligations on behalf of the joint venture.

The Group's joint venture undertakings at 31 March 2026 are set out below. Each of these entities operates within the United Kingdom.

Held through Annington Developments Limited

Name of joint venture	Principal activity	Holding	Held since
Countryside Annington (Mill Hill) Limited	Property development	50.00%	8 December 2006

The Group's interest in these entities is held as 100% interest in 'X' Ordinary shares. Each of these entities has issued 500 'X' Ordinary and 500 'Y' Ordinary shares. The rights of the holders of these classes of shares are identical and rank in pari passu.

Held through Annington Property Limited

Name of joint venture	Principal activity	Holding	Held since
The Inglis Consortium LLP	Property development	28.55%	4 April 2011

The Group's rights and obligations with respect to The Inglis Consortium LLP are set out in the Co-operation agreement and Limited Liability Partnership Deed dated 4 April 2011. Under this agreement the Group benefits from an interest in the partnership's operations and profits set at 28.55%, but has one third of the voting rights. All partnership decisions must be formed by unanimous agreement.

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	(306)	1,000	694
Additions	-	179	179
Share of profit for the year	403	-	403
Impairment	(127)	-	(127)
At 31 March 2026	(30)	1,179	1,149

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

14. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

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.

Impairment provisions for receivables are recognised based on a forward-looking expected credit loss model.

Trade receivables

The Group applies the simplified approach in measuring expected credit losses for its trade receivables and contract assets. A provision matrix is used to measure expected credit losses whereby trade receivables are grouped on similar credit risk and aging, with credit loss percentages applied based on historical performance.

	2026 £'000	2025 £'000
Amounts falling due within one year		
Trade receivables	312	156
Accrued income	429	988
Prepayments	895	1,137
Other receivables	1,456	64,721
Corporation tax	4,654	1,896
Other taxes	43	11
	<u>7,789</u>	<u>68,909</u>
 Amounts falling due after one year		
Other receivables	<u>51,634</u>	<u>-</u>
 Total trade and other receivables	<u><u>59,423</u></u>	<u><u>68,909</u></u>

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

Other receivables due after one year relates to the additional property to be received as consideration for the MQE sale. A potential liability for utilities adoption could exist if any of these properties are base dependent. These properties have yet to be identified as at the date of signing of these accounts and until such time, the Group is unable to reliably estimate the cost of adopting any of these possibly base dependent properties. This receivable was held as amounts falling due within one year in 2025 but is now anticipated to be received after 1 April 2027 due to the limited amount of progress made in the current financial year.

Trade receivables are stated after provisions for impairment of £211,451 (2025: £130,926).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

15. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash at bank, short-term deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents are limited to instruments with a maturity of less than three months.

	2026 £'000	2025 £'000
Cash on hand and at bank	83,587	293,111
Short-term deposits and Treasury bills	1,289,344	1,155,757
Cash and cash equivalents	<u>1,372,931</u>	<u>1,448,868</u>

16. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2026 £'000	2025 £'000
Amounts falling due within one year		
Trade payables	1,610	1,528
Accruals	7,784	8,576
Accrued interest	8,735	8,736
Social security and other taxes	70	254
	<u>18,199</u>	<u>19,094</u>
Amounts falling due after one year		
Accruals	<u>984</u>	<u>606</u>
Total trade and other payables	<u>19,183</u>	<u>19,700</u>

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

Accruals falling due after one year relates to the long-term incentive plan for certain employees. See also Note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

17. LOANS AND BORROWINGS

ACCOUNTING POLICY

Loans and borrowings are initially recognised at fair value less the transaction costs directly attributable to their issue. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method, such that discounts and costs are charged to the income statement over the term of the borrowing at a constant return on the carrying amount of the liability. The debt and associated accrued interest is classified as current and non-current based on the contractual payments required within 12 months of the balance sheet date.

	2026 £'000	2025 £'000
Amounts falling due within one year		
Unsecured notes	-	-
Total current loans and borrowings	-	-
Amounts falling due between one and five years		
Unsecured notes	1,497	1,496
	1,497	1,496
Amounts falling due after five years		
Unsecured notes	719,266	719,020
Total non-current loans and borrowings	720,763	720,516
Total loans and borrowings	720,763	720,516

The Group holds five tranches of corporate, unsecured bonds, totalling c.£720.8million.

On 27 January 2026, the Group announced that it had received Notices of Acceleration in connection with the Group's sale of the MQE in 2025, from GLAS, acting upon instructions of certain Noteholders of the 2032 Notes, the 2047 Notes and the 2051 Notes. Subsequently GLAS initiated court proceedings in relation to the Notices of Acceleration. The Group rejects in its entirety the basis upon which the Notices of Acceleration have been issued, and its position is that such notices are a legal nullity. If the Group's position is found to be incorrect then the Notes will be repayable by Annington Funding plc at their early redemption amount together with accrued interest.

On 14 May 2025, the Group paid £0.09 million to redeem bonds with a nominal value of £0.1 million

The weighted average maturity of the Group's debt is 19.7 years (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 26.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

18. LEASE LIABILITIES

ACCOUNTING POLICY

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.

Lease liabilities relate to lease contracts on office buildings, motor vehicles and communications infrastructure.

	2026 £'000	2025 £'000
Maturity analysis		
Amounts falling due within one year	713	751
Amounts falling due between one and five years	2,029	2,129
Amounts falling due after five years	1,117	1,697
Minimum lease payments	3,859	4,577
Less: future finance charges	(712)	(918)
Present value of lease obligations	3,147	3,659
Current	536	544
Non-current	2,611	3,115
Total lease liabilities	3,147	3,659

A reconciliation of the lease liability movement is provided in Note 28.

19. PROVISIONS

ACCOUNTING POLICY

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Key source of estimation uncertainty

Utilities provision

When determining the provision for utilities, the estimation technique requires an assumption be made of the future cost and the timing of works to connect Sites to public utilities. These estimated cash flows are then discounted at an appropriate rate that reflects current assessments of the risks associated with the liability. The inputs, if not accurate, could have a material effect on the provision balance. As an example, if the discount rate assumption increased/decreased by 0.5%, the provision would decrease by £0.1 million/increase by £0.1 million, respectively.

Warranty provision

When determining the warranty provision on the sale of new build properties, the estimation technique requires an assumption to be made of the future costs. When doing so, estimates of costs and future inflation are made which, if not accurate could have a material effect on the provision balance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

19. PROVISIONS (continued)

Make good provision

When determining the make good provision on leased properties, the estimation technique requires an assumption to be made of the future costs and timing of work to be completed. When doing so, estimates of costs and future inflation are made, which, if not accurate could have a material effect on the provision balance. The estimated future costs are subject to negotiation with the landlord at the time of which the liability becomes due.

Provision for uncertain tax positions and related costs

When determining the tax provision, the estimation technique requires an assumption to be made on the cost and timing of the obligation to be settled. The tax provision reflects the best-known estimate of the tax obligation at the balance sheet date and a detailed review of the Group's tax affairs is ongoing.

	Warranty provision £'000	Make good provision £'000	Utilities provision £'000	Provision for uncertain tax positions and related costs £'000	Total £'000
2026					
At 1 April	52	745	24,765	-	25,562
Unwinding of discount	-	37	1,593	-	1,630
Effect of change in discount rate	-	-	(105)	-	(105)
Uncertain tax and related costs	-	-	-	3,600	3,600
Change in estimated obligation					
- through profit and loss	62	(173)	729	-	618
- through investment properties	-	-	619	-	619
Utilised	-	(160)	(7,696)	-	(7,856)
At 31 March	114	449	19,905	3,600	24,068
Current provision	114	-	4,651	3,600	8,365
Non-current provision	-	449	15,254	-	15,703
	114	449	19,905	3,600	24,068

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

19. PROVISIONS (continued)

	Warranty provision £'000	Make good provision £'000	Utilities provision £'000	Total £'000
2025				
At 1 April	114	711	26,458	27,283
Unwinding of discount	-	34	1,569	1,603
Effect of change in discount rate	-	-	(132)	(132)
Change in estimated obligation				
- through profit and loss	-	-	2,660	2,660
- through investment properties	-	-	1,360	1,360
Utilised	(62)	-	(7,150)	(7,212)
At 31 March	52	745	24,765	25,562
Current provision	52	-	10,315	10,367
Non-current provision	-	745	14,450	15,195
	52	745	24,765	25,562

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 had undertaken 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. 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 not more than 5 years. This amount has been added back to the investment property valuation to avoid double accounting for the obligation (refer Note 10). 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.

Provision for uncertain tax positions and related costs

The provision relates to uncertain tax positions arising prior to the Group's acquisition of Langoen Assets Limited and includes associated interest and penalties. The Group has the benefit of contractual indemnities of deferred consideration from the seller in respect of these matters. Management expects that any settlement of the underlying tax exposures will be substantially offset by a reduction in deferred consideration.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value and net of directly attributable transaction costs as appropriate.

Financial assets

Impairment of financial assets

The Group's expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition.

Financial liabilities

The Group's financial liabilities include trade and other payables, lease liabilities, loans and borrowings and derivative financial instruments.

The Group has the following financial instruments:

	Note	2026 £'000	2025 £'000
Financial assets			
Cash and receivables at amortised cost:			
Trade and other receivables	14	2,197	14,222
Cash and cash equivalents	15	1,372,931	1,448,868
Total financial assets		1,375,128	1,463,090
Financial liabilities			
Liabilities measured at amortised cost:			
Trade and other payables	16	19,113	19,446
Loans and borrowings	17	720,763	720,516
Lease liabilities	18	3,147	3,659
Total financial liabilities		743,023	743,621

Exposure to credit, liquidity, currency and interest rate risks arise in the normal course of the Group's business activities.

Credit risk

The Group's principal financial assets are cash and cash equivalents, and trade and other receivables.

Credit risk on cash and deposits is minimised by using a revolving panel of banks, which have all been identified as low risk according to Credit Agency ratings. The maximum amount of funds that can be placed with any one institution is also limited. The banks and criteria are reviewed and updated periodically to ensure they reflect the prevailing market conditions. The Group's credit risk is attributed primarily to its trade and other receivables, which consists principally of amounts due under property disposals and rents due from tenants. The balance is low compared to the scale of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Tenant receivables relate to properties let to third parties. Let properties include those released and returned from the MoD (where a rental strategy is being pursued), and properties that are rented to residential tenants. The Group employs a managing agent to actively pursue arrears and this policy has resulted in minimal bad debts to date.

Other than amounts due from the joint venture companies and disposal of the MQE, the Group has no other significant concentration of credit risk. Trade receivables are presented net of impairment allowances where appropriate, as set out in Note 14.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Debt management

The Company holds five tranches of corporate, unsecured bonds, totalling c.£730.5 million.

The Group has no overdraft arrangements in place as it has adequate funds invested on the money market in short-term to medium-term deposits to maintain its short-term liquidity. In addition, the Group also forecasts its liquidity requirements using five-year rolling cash forecasts, which are reviewed on a monthly basis.

Capital risk management

Capital is managed so that entities in the Group will be able to continue as going concerns, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt and equity. Net debt includes borrowings (Note 17) offset by cash and cash equivalents, while equity comprises equity attributable to equity holders of the Company, being issued share capital, reserves and retained earnings (Notes 21 - 25).

The debt imposes a number of covenants that must be complied with, on a Group basis, under both the bonds and loan facility. The covenants attaching to the debt are:

Covenant	Test	Limit for Bonds	Limit for Loans	31 March 2026	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)	*	1.87x
Unencumbered Assets	Unencumbered assets / Unsecured Debt	>125%	>125%	*	*

* - Due to the surplus of cash and cash equivalents at 31 March 2026, the Group is not in a net indebtedness position and has net interest income and so is not in a net finance charges position.

Currency risk

During the year and at the reporting date, the Group had no foreign currency denominated financial assets or liabilities, and therefore is not exposed to exchange rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate management

All of the Group's borrowings are at fixed interest rates, although it will be exposed to interest rate risk on the maturity of such borrowings.

Cash management and liquidity

Cash levels are monitored to ensure sufficient resources are available to meet the Group's current and projected operational commitments. Annington Funding plc ('AFP') provides funding to Annington Homes Limited, which in turn provides intercompany loans at fixed interest rates to other entities in the Group.

Cash balances are invested in short-term to medium-term money market deposits and are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk. Longer-term liquidity requirements are forecast to be met out of future operational cash and income streams.

Liquidity risk and financial maturity analysis

In respect of the net non-derivative financial liabilities, the table below has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay or receive monies. The table includes both interest and principal cash flows. In respect of derivative financial instruments, the fair values have been calculated using appropriate market discount rates to arrive at the future cash flows.

	2026			
	Total £'000	Less than one year £'000	One to five years £'000	More than five years £'000
Financial liabilities				
Trade and other payables	17,573	16,589	984	-
Borrowings	1,194,163	22,242	90,400	1,081,521
Lease liabilities	3,859	713	2,608	538
Total financial liabilities	1,215,595	39,544	93,992	1,082,059

	2025			
	Total £'000	Less than one year £'000	One to five years £'000	More than five years £'000
Financial liabilities				
Trade and other payables	19,446	18,840	606	-
Loans and borrowings	1,216,542	22,247	90,462	1,103,833
Lease liabilities	4,577	751	2,129	1,697
Total financial liabilities	1,240,565	41,838	93,197	1,105,530

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values

The fair values of the Group's borrowings, cross currency swap and offsetting swaps are determined by a Level 2 valuation technique.

	Par value of debt £'000	2026 Balance sheet value £'000	Fair value £'000
Level 2			
Financial liabilities			
Unsecured bonds	730,390	720,763	606,619

Unsecured bonds

The bonds are listed on the main market of the London Stock Exchange and were not actively traded at 31 March 2026. As there was no active market, the fair value of the bonds cannot be determined by a directly quoted price at 31 March 2026 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 year end.

	Par value of debt £'000	2025 Balance sheet value £'000	Fair value £'000
Level 2			
Financial liabilities			
Unsecured bonds	730,490	720,516	598,600

Unsecured bonds

The volume of market trades of the Group's bonds is not considered sufficient to be an active market. Therefore, listed bonds have been fair valued by a third party valuer using a spread to a reference gilt curve. The reference gilt curve is based upon observable market data. The spread is determined with reference to comparable sector bond pricing. This represents a Level 2 fair value measurement. Further details, including covenant information, have been mentioned previously in this Note.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

21. SHARE CAPITAL

	2026	2025
	£'000	£'000
Called up, allotted and fully paid		
8,475,620,200 ordinary shares of £0.00000001 each	-	-
	<u> </u>	<u> </u>

On 7 January 2025, the Company, by way of a capital reduction resolution, reduced the nominal value of each ordinary share from £0.01 to £0.00000001, thereby reducing share capital by £84,756,117.

22. MERGER RESERVE

	2026	2025
	£'000	£'000
Merger reserve	10,000	10,000
	<u> </u>	<u> </u>

The Group reconstruction effected in December 2012 was accounted for using merger accounting principles. On transition to IFRS, the business combination was not restated, with the merger reserve at transition being calculated by reference to the previous carrying value.

23. HEDGING RESERVE

	2026	2025
	£'000	£'000
At 1 April	-	(360)
Fair value losses on cash flow hedge	-	(1,396)
Losses arising on cash flow hedge reclassified to income statement	-	1,723
Recycling of hedge reserve on termination of swaps	-	33
	<u> </u>	<u> </u>
At 31 March	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

24. RETAINED EARNINGS

	Retained earnings £'000
At 1 April 2024	3,108,765
Loss for the year	(646,419)
Capital reduction – transfer to retained earnings	565,157
Dividends paid (Dividends per share: 22.77p)	(1,930,000)
Balance at 31 March 2025	1,097,503
Profit for the year	5,578
Balance at 31 March 2026	1,103,081

25. NOTE TO THE CASH FLOW STATEMENT

	2026 £'000	2025 £'000
Profit/(loss) after taxation	5,578	(646,419)
<i>Adjustment for:</i>		
Taxation charge/(credit)	18,678	109,290
Finance costs	25,122	124,265
Finance income	(52,225)	(28,411)
Gain on bond redemption	-	(208,148)
Trustee transition and professional costs	2,660	-
Share of results of joint ventures after taxation	(403)	215
Release of make-good provision	(173)	-
Impairment of joint ventures	127	-
(Profit)/loss on disposal of investment properties	(1,608)	791,293
(Gain)/loss on disposal of plant and equipment and right-of-use assets	(2)	-
Unrealised property revaluation (gains)/losses	(4,126)	24,002
Depreciation expense	704	738
<i>Movements in working capital:</i>		
Decrease/(Increase) in debtors	11,675	(55,106)
Decrease in creditors	(2,452)	(55,966)
Decrease in provisions	(7,858)	(7,213)
Net cash (outflow)/inflow from operating activities	(4,303)	48,540

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

26. ANALYSIS OF CHANGES IN NET CASH/(DEBT)

	2026 £'000	Cash flow £'000	Non-cash items			2025 £'000
			Profit on refinancing £'000	Amortisation of bond issue costs and interest accrued £'000	Lease liability additions/ disposals £'000	
Cash and cash equivalents	1,372,931	(75,937)	-	-	-	1,448,868
Unsecured notes	(720,763)	89	11	(347)	-	(720,516)
Lease liabilities	(3,147)	778	-	(209)	(57)	(3,659)
Total loans and borrowings	(723,910)	867	11	(556)	(57)	(724,175)
Net cash/(debt)	649,021	(75,070)	11	(556)	(57)	724,693

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

27. LEASE COMMITMENTS

ACCOUNTING POLICY

Under IFRS 16 the determination of whether a contract contains a lease is based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group, as a lessee, recognises right-of-use assets and lease liabilities in the consolidated balance sheet; depreciation and interest in the consolidated income statement; and separates cash paid on principal and interest portions in the consolidated statement of cash flows. A lease expense has been recognised where the Group is the lessee to short-term and low-value asset lease contracts.

As a lessor, the Group continues to classify leases as either finance leases or operating leases and account for them accordingly under IFRS 16. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Management has exercised judgement in considering the potential transfer of the risks and rewards of ownership for properties leased to tenants and has determined that such leases are operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Operating lease arrangements - Group as lessor

The Group has entered into property lease agreements on its investment properties portfolio and has performed an evaluation of the terms and conditions of the arrangements of these leases. This includes factors such as the lease term not constituting a substantial portion of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property. The Group also retains all the significant risks and rewards of ownership of these properties. As such, all of these leases are accounted for as operating leases.

At 31 March 2026, the Group had contracted with tenants the following future minimum rentals receivable under non-cancellable operating leases:

	2026 £'000	2025 £'000
Within one year	3,953	2,940
In two to five years	-	12
	<u>3,953</u>	<u>2,952</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

28. CAPITAL COMMITMENTS AND CONTINGENCIES

ACCOUNTING POLICY

Capital commitments

Contractual obligations comprise obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Contingent liabilities

Contingent liabilities comprise either a possible obligation depending on whether some uncertain future event occurs, or a present obligation where payment is not probable or the amount cannot be measured reliably. Any such possible obligations are disclosed but not recognised on the face of the balance sheet.

Capital commitments

As at the date of signing of the accounts, the Group has spent or is committed to spend, over £51 million on refurbishment and utilities projects. The Group had entered into contracts for a portion of this spend.

Performance bonds

In June 2018, Annington Limited, Annington Homes Limited, Annington Rentals (Holdings) Limited and Annington Rentals (No.4) Limited entered into an agreement with QBE Insurance (Europe) Limited through which surety bonding facilities to the value of £5.0 million are made available to the Group. Under this agreement, the aforementioned entities act as guarantors in respect of performance bonds given. A premium of 1.25% per annum is payable on the face value of the surety provided. In July 2018, a £0.6 million bond was issued against this facility.

29. RELATED PARTY DISCLOSURES

ACCOUNTING POLICY

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. Transactions between the Group and other related parties are disclosed below.

Information regarding key management personnel

The Group considers the Directors to be the key management personnel. Details of payments to key management personnel are disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

30. SUBSIDIARIES AND RELATED UNDERTAKINGS

ACCOUNTING POLICY

Subsidiaries are those entities controlled by the Group. Control is assumed when the Group has the power to govern the financial and operating policies of an entity, to benefit from its activities. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

The subsidiary undertakings of Annington Limited at 31 March 2026, which are wholly owned, incorporated in the United Kingdom and included in the consolidated financial statements, are shown below. The address of the registered office for all subsidiary undertakings is Hays Lane House, 1 Hays Lane, London, United Kingdom, SE1 2HB unless otherwise noted.

Name of subsidiary undertakings	Principal activity
Annington Homes Limited ^a	Intermediate group holding company
Annington Subsidiary Holdings Limited	Intermediate group holding company
Annington Property Limited	Property investment
Annington Property (No.2) Limited	Property investment and management
Langoen Assets Limited	Property investment
Annington Management Limited	Management
Annington Receivables Limited	Income management
Annington Guarantee Limited	Dormant
Annington Nominees Limited ^b	Residents property management
Annington Funding plc	Finance
Annington Developments (Holdings) Limited	Intermediate group holding company
Annington Developments Limited	Property development
Annington (DA) Investment Limited	Property investment
Annington Rentals (Holdings) Limited ^c	Intermediate group holding company
Annington Rentals Limited	Property investment
Annington Rentals (No.2) Limited	Property investment
Annington Rentals (No.3) Limited	Property investment
Annington Rentals (No.4) Limited	Property development
Annington Rentals (No. 5) Limited	Property investment
Annington Rentals (No. 6) Limited	Property investment
Annington Rentals (No. 7) Limited	Property investment
Annington Rentals (No. 8) Limited	Property investment
Annington Rentals Management Limited	Property management
St Andrew's Park Triangle (Uxbridge) Management Company Limited ^d	Management Company

^a The ordinary shares in this undertaking are directly owned by the Company.

^b Annington Nominees Limited owns one Class 'A' share in each of the companies listed overleaf, all of which are property management companies. Each company in the table below has issued one Class 'A' share. Class 'B' shares are allotted to homeowners on the relevant Sites. Class 'A' shareholders are entitled to receive notices of, attend, speak and vote at general meetings of the company. The Class 'A' shareholder shall transfer its share to the purchaser of the last house on the Site. Class 'B' shareholders are not entitled to receive notices of, attend, speak or vote at general meetings of the company until the Class 'A' share is redesignated as a Class 'B' share. Where all Class 'B' shares have been issued, the Class 'A' share is converted to a Class 'C' share, on 'handover of the company to resident control'. Class 'C' shareholder is not entitled to receive notices of, attend, speak or vote at general meetings of the company.

^c Through subsidiaries of Annington Rentals (Holdings) Limited, the Group holds a shareholding in two further companies, the results of which are not consolidated into these financial statements of Annington Limited as they are not considered material for the purposes of giving a true and fair view to the consolidated results.

^d The address of the registered office for St Andrew's Park Triangle (Uxbridge) Management Company Limited is Whitley House, 32-34 Hornchurch Road, Uxbridge, UB10 0WN.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

30. SUBSIDIARIES AND RELATED UNDERTAKINGS (continued)

The results for each of these undertakings are not consolidated into these financial statements of Annington Limited as they are not considered material for the purposes of giving a true and fair view to the consolidated results.

Name of subsidiary undertaking	Holding %	Name of subsidiary undertaking	Holding %
Arborfield East Residents Company Limited	6.06%	Innsworth Residents Company Limited	3.80%
Ashchurch (St Davids) Residents Company Limited	10.53%	Keith Park Road (Uxbridge) Residents Company Limited	0.60%
Beaconside Residents Company Limited	1.75%	Kirton (York Road) Residents Company Limited	5.56%
Beavers Crescent (Hounslow) Residents Company Limited	2.00%	Lancaster Square Residents Company Limited	1.75%
Bell Davies Drive (Manston) Residents Company Limited	100.00%	Linton Meadow Residents Company Limited	94.88%
Biggin Hill Residents Company Limited	1.82%	Marlborough Close (Devizes) Residents Company Limited	20.00%
Bordon Residents Company Limited	5.58%	Marchwood (Africa Drive) Residents Company Limited	100.00%
Boulmer Residents Company Limited	8.62%	Marham Residents Company Limited	19.05%
Britannia Crescent Residents Company Limited	4.40%	Mayne Avenue Residents Company Limited	1.10%
Bulford Residents Company Limited	76.00%	Mostyn Road Bushey Residents Company Limited	3.33%
Burgoyne Heights Residents Company Limited	0.75%	North Luffenham Residents Company Limited	8.74%
Butlers Meadow Residents Company Limited	1.01%	Northwood Residents Company Limited	12.50%
Canterbury Place Residents Company Limited	12.12%	Nottingham Road Residents Company Limited	9.68%
Cardiff Place Residents Company Limited	10.26%	Petersfield (Kings Road) Residents Company Limited	10.00%
Cavalry Crescent Residents Company Limited	2.22%	Ringwood Crescent Residents Company Limited	11.11%
Chatham Residents Company Limited	1.23%	Riverside Rise (Allington) Residents Company Limited	30.77%
Chester (Dale Camp) Residents Company Limited	8.00%	Scampton Residents Company Limited	1.40%
Chicksands Residents Company Limited	3.45%	South Wigston Residents Company Limited	1.67%
Chivenor Residents Company Limited	11.76%	St Columb Minor Residents Company Limited	1.67%
Cholswell Road (Abingdon) Residents Company Limited	2.08%	St Eval Parc Residents Company Limited	0.34%
Coningsby (West Drive) Residents Company Limited	4.05%	Stanbridge Residents Company Limited	10.00%
Cove Residents Company Limited	100.00%	Stanmore Crescent Residents Company Limited	2.94%
Cranwell Residents Company Limited	9.38%	Stokesay Road Residents Company Limited	37.61%
Dale Road Residents Company Limited	2.31%	Strensall Residents Company Limited	1.45%
Dishforth Residents Company Limited	9.68%	Swanton Morley Residents Management Company Limited	100.00%
Donnington (Richards Road) Residents Company Limited	1.59%	Taranto Hill (Ilchester) Residents Company Limited	2.22%
Donnington Residents Company Limited	1.25%	Tedder Avenue (Henlow) Residents Company Limited	5.88%
Driffield Ramsden Residents Company Limited	7.14%	The Elstons Residents Management Association Limited	8.70%
East Vale Residents Company Limited	0.31%	Thirsk Residents Company Limited	60.00%
Elm Road (Marham) Residents Company Limited	4.10%	Uxbridge (Buchan) Residents Company Limited	80.39%
Exmouth (York Close) Residents Company Limited	10.00%	Waterbeach (Abbey Place) Residents Company Limited	100.00%
Foulkes Terrace (Aldershot) Residents Company Limited	25.00%	Watton Residents Company Limited	3.70%
Gamlingay Residents Company Limited	14.29%	West Vale Residents Company Limited	0.52%
Garats Hay Residents Company Limited	7.69%	Wexland Avenue (Netheravon) Residents Company Limited	20.00%
Greenmill Residents Company Limited	3.13%	Whetstone Milson Close Residents Company Limited	1.03%
Henlow Residents Company Limited	1.19%	White Waltham Residents Company Limited	12.50%
High Wycombe (Woodcock) Residents Company Limited	3.33%	Wimbish Residents Company Limited	11.54%
Honington (Poplar Close) Residents Company Limited	6.06%	Wittering Residents Company Limited	0.77%
Imber Road (Warminster) Residents Company Limited	100.00%		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

30. SUBSIDIARIES AND RELATED UNDERTAKINGS (continued)

Each company in the above table is incorporated in the United Kingdom and the address of their registered office is Unit 8 Minerva Business Park, Lynch Wood, Peterborough PE2 6FT. Through subsidiaries of Annington Rentals (Holdings) Limited, the Group indirectly holds an investment in:

Name of subsidiary undertaking	Holding %
Beaumont Place Management Limited	70.00

Beaumont Place Management Limited's registered office is Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN.

31. ENTITY INFORMATION AND CONTROLLING PARTY

The Company is incorporated in the United Kingdom and the address of its registered office is Hays Lane House, 1 Hays Lane, London, United Kingdom, SE1 2HB

Annington Holdings (Guernsey) Limited ('AHGL'), a company registered in Guernsey, is the immediate parent of Annington Limited. AHGL is a subsidiary of the Terra Firma Special Opportunities Fund 1 LP. The Directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

The smallest and largest group in which the Company's results are consolidated is shown within these financial statements. Group financial statements for the Company are available on request from the registered office at Hays Lane House, 1 Hays Lane, London, United Kingdom, SE1 2HB.

32. SUBSEQUENT EVENTS

None noted.

ANNINGTON LIMITED

COMPANY BALANCE SHEET At 31 March 2026

	Note	2026 £'000	2025 £'000
Non-current assets			
Investment in subsidiary companies	c	905,900	976,700
Total assets		<u>905,900</u>	<u>976,700</u>
Current liabilities			
Payables	e	(27)	(27)
Total liabilities		<u>(27)</u>	<u>(27)</u>
Net assets		<u>905,873</u>	<u>976,673</u>
Capital and reserves			
Share capital	22	-	-
Share premium	23	-	-
Revaluation reserve		340,643	411,443
Retained earnings		565,230	565,230
Total equity		<u>905,873</u>	<u>976,673</u>

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

The Company reported a profit of £Nil for the year ended 31 March 2026 (2025: £1,930.0 million).

The financial statements of Annington Limited, registered number 08271384, were approved by the Board of Directors and authorised for issue on 21 September 2026.

Signed on behalf of the Board of Directors

B Naylor
Director

ANNINGTON LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2026

	Note	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2024		84,756	480,401	2,808,943	73	3,374,173
Profit attributable to shareholder		-	-	-	1,930,000	1,930,000
Other comprehensive loss	c	-	-	(2,397,500)	-	(2,397,500)
Capital reduction – transfer to retained earnings		(84,756)	(480,401)	-	565,157	-
Dividends paid		-	-	-	(1,930,000)	(1,930,000)
Balance at 31 March 2025		-	-	411,443	565,230	976,673
Profit attributable to shareholder		-	-	-	-	-
Other comprehensive loss	c	-	-	(70,800)	-	(70,800)
Balance at 31 March 2026		-	-	340,643	565,230	905,873

ANNINGTON LIMITED

COMPANY CASH FLOW STATEMENT For the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Net cash from operating activities	g	-	-
Investing activities			
Dividends received from subsidiary		-	1,930,000
Net cash inflow from investing activities		-	1,930,000
Financing activities			
Dividends paid		-	(1,930,000)
Net cash outflow from financing activities		-	(1,930,000)
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2026

a. MATERIAL ACCOUNTING POLICIES AND CORPORATE INFORMATION

The financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards, comprising International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations).

They have also been prepared in accordance with the Companies Act 2006.

The corporate information and significant accounting policies of the Company are consistent with those of the Group, which can be found in the Notes to the consolidated financial statements.

Significant judgements and key estimation uncertainties

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Further details regarding key sources of estimation uncertainty for the Company can be found within Note c with respect to the valuation of investments in subsidiaries.

Management has determined that no critical judgements existing within the accounting policies.

b. PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in Note 5 to the consolidated financial statements.

c. INVESTMENT IN SUBSIDIARY COMPANIES

ACCOUNTING POLICY

The Company has elected to account for its investments in subsidiaries at fair value. Fair value is determined by reference to the discount or premium to net asset value of similar investments listed on the London Stock Exchange. If the carrying amount is increased or decreased as a result of a revaluation, the change is recognised in other comprehensive income and accumulated in equity.

Key source of estimation uncertainty

In calculating the fair value of investment in subsidiaries, comparable companies are selected with reference to certain criteria and by reviewing publicly available market information, without reference to any premium offered for overall control. There is an element of subjectivity as to the level of similarity of comparable companies selected in terms of size and type of operations and this is further dependent on the timeliness of information that is available. Additionally, the underlying asset values within the Group are subject to judgements and estimates, changes in which could change the valuation base.

The fair value of the investment in subsidiaries are determined by a Level 2 valuation technique, as described below.

	2026 £'000	2025 £'000
At 1 April	976,700	3,374,200
Decrease in fair value during the year	(70,800)	(2,397,500)
At 31 March	905,900	976,700

The historical cost of the investment in subsidiaries was £565.3 million (2025: £565.3 million).

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2026 (continued)

c. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Fair value is measured by applying to the net asset value of investees an estimated discount or premium determined through an analysis of comparable companies listed on the London Stock Exchange. The selection criteria for comparable companies was applied to entities operating within the property sector and took into account factors including the size of the company and the presence of residential operations within the company. The discount or premium was determined based on market capitalisation and the resultant discount to/premium over the net asset value.

The resulting comparable discount to/ premium over net asset value for the basket of comparable investments, a 42% discount (2025: 30% discount) was applied to the adjusted net asset values of each of the Company's subsidiaries to arrive at fair value. Prior to applying the discount, the net asset values were adjusted to bring book values to fair values for classes of assets and liabilities carried at book value, and to exclude the net cash position (defined as cash and cash equivalents less debt at par value), which is not subject to valuation uncertainty. The net cash position is subsequently added back at face value to the discounted adjusted net asset value.

This discount arises from market-related factors and does not include an additional amount for control. Had the discount applied increased/decreased by 5%, the fair value of the investment in subsidiaries would have decreased by £21.9 million or increased by £21.9 million, respectively.

The fair value loss of £70.8 million (2025: loss of £2,397.5 million) was recognised through other comprehensive income.

Details of all subsidiaries as at 31 March 2026 are shown in Note 30 to the consolidated financial statements.

d. TAXATION

ACCOUNTING POLICY

Taxation for the year comprises current and deferred tax, which is recognised in the income statement.

Current tax

Current tax is measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the balance sheet date. Taxable profit differs from profit before tax as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2026 (continued)

d. TAXATION (continued)

	2026 £'000	2025 £'000
Current tax		
United Kingdom corporation tax at 25% (2025: 25%)	-	-
Deferred tax		
Deferred taxation: origination and reversal of temporary differences	-	-
Total taxation for the year	-	-

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 25% (2025: 25%). The tax for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2026 £'000	2025 £'000
Profit before taxation	-	1,930,000
Tax on profit at the standard rate	-	(482,500)
Factors affecting the current tax for the year:		
Income not assessable for tax purposes	-	482,500
Taxation for the year	-	-

The March 2026 calculation of current and deferred tax use the 25% rate.

Deferred tax

At the balance sheet date, the Company has unrecognised deferred tax liabilities relating to the investment in the subsidiary of £104.1 million (2025: £121.8 million).

e. PAYABLES

ACCOUNTING POLICY

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2026 £'000	2025 £'000
Amounts owed to group undertakings	27	27

Amounts owed to group undertakings by the Company are unsecured, interest free and have no fixed date of repayment.

ACCOUNTING POLICY

Financial assets

The Group's expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition.

The Company's financial liabilities consists of intercompany borrowings.

		2026 £'000	2025 £'000
Financial assets			
Investment in subsidiary companies	c	905,900	976,700
Total financial assets		905,900	976,700
Financial liabilities			
Liabilities measured at amortised cost:			
Payables	e	27	27
Total financial liabilities		27	27

Fair values

	Par value of debt £'000	2026 Balance sheet value £'000	Fair value £'000
Level 2			
Non-derivative financial assets			
Investment in subsidiaries	-	905,900	905,900

	Par value of debt £'000	2025 Balance sheet value £'000	Fair value £'000
Level 2			
Non-derivative financial assets			
Investment in subsidiaries	-	976,700	976,700

ANNINGTON LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS For the year ended 31 March 2026 (continued)

g. NOTE TO THE CASH FLOW STATEMENT

	2026 £'000	2025 £'000
Profit after tax	-	1,930,000
<i>Adjustment for:</i>		
Dividends received	-	(1,930,000)
	<u>-</u>	<u>(1,930,000)</u>
Net cash from operating activities	<u>-</u>	<u>-</u>

h. RELATED PARTY DISCLOSURES

Amounts owed to related parties

	2026 £'000	2025 £'000
Annington Homes Limited	<u>27</u>	<u>27</u>

Information regarding key management personnel

Details of payments to key management personnel are disclosed in Note 6 to the Group financial statements. The Company considers its key management personnel to be its Directors.

i. COMMITMENTS AND CONTINGENCIES

The Company had no capital or other commitments at 31 March 2026 (2025: £nil).

The Company is a Guarantor of debt issued by Annington Funding plc (see Note 17).j.SUBSEQUENT EVENTS

Further details are set out in Note 32 to the Group financial statements.

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APPENDICES

For the year ended 31 March 2026

Appendix 1: Glossary

<u>Term</u>	<u>Definition</u>
1996 Acquisition	The acquisition of the portfolio of residential property Units from the Ministry of Defence of the United Kingdom on 5 November 1996
Adjusted EBITDA	A measure of normalised earnings by removing exceptional items of profit and loss, as defined in the Alternative Performance Measures, Appendix 3
Adjusted EBITDA Margin	A measure of the Adjusted EBITDA as a percentage of gross rental income, as defined in Appendix 3
AFP	Annington Funding plc, a subsidiary of the Group
AHGL	Annington Holdings (Guernsey) Limited, the immediate parent of the Group
Annington	The Annington Group, being Annington Limited and its subsidiaries
APL	Annington Property Limited, a subsidiary of the Group
AST	Assured Shorthold Tenancy
B/S	Balance Sheet
Base Dependency	Reliance of utility supply on, or connection to, the MoD supply of utilities.
Base Dependent Site	Site with a Base Dependency
C/F	Cash Flow Statement
CBRE	CBRE Limited
Company	Annington Limited
Consolidated EBITDA	The consolidated operating profit (before all finance items and taxation) of the Group (including the results from discontinued operations), adjusted for the following items as they relate to members of the Group and in each case only to the extent that they are already included in calculating such consolidated operating profit: (a) adding back costs expensed relating to amortisation, depreciation or impairment (including other non-cash write downs) of assets; (b) adding back costs expensed relating to any refurbishment of any Real Property (or part thereof); (c) adding back any costs expensed relating to long term incentive plans to the extent that these are settled through the issuance of shares or similar instruments not involving a cash payment; (d) deducting any profits and adding back any losses attributable to Joint Ventures and minority or non-controlling interests, and adding the amount of any dividends, charges, fees, other distributions, repayments, redemptions, repurchases, loans, defeasements and retirements received by the Group from minority interests, non-controlling interests or Joint Ventures; (e) deducting (or adding back) any unrealised gain (or loss) arising from an upward (or downward) revaluation, re-measurement, or other value adjustment of any assets (including any Real Property assets or financial assets (whether or not hedge accounted)); (f) deducting (or adding back) any profit (or loss) on disposal of any asset; and; (g) before taking into account any Exceptional Items other than where they fall within paragraph (b) above, in each case without double counting.
CRT	The Group's Corporate Responsibility Task Force
EMTN	Euro Medium Term Note

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APPENDICES

For the year ended 31 March 2026

<u>Term</u>	<u>Definition</u>
Enfranchisement	Enfranchisement is a statutory right that allows certain qualifying individual tenants of houses, or groups of tenants living in a block of flats, to buy the freeholds of those properties from their landlords. Ordinarily, for a tenant to qualify they must have a lease of at least 21 years of a house or of a flat within a block of flats. There is a strict statutory process that must be followed in order to enfranchise, which starts with the service of a notice by the tenant on its landlord (and any other people having a superior interest in the building). The purchase price for the enfranchisement is determined by reference to valuation criteria set out in the legislation.
Enfranchisement Proceedings	The legal proceedings commenced by the Group in the Chancery Division of the High Court and the Administrative Court, a specialist court within the Queen's Bench Division of the High Court of Justice, contesting the MoD's right to enfranchise and including any subsequent appeals.
EPC	Energy Performance Certificates
ESG	Environmental, social and governance
EV	Electric vehicle
Fair Value	Under IFRS 13, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
GHG	Greenhouse Gas
Government	UK Government
Group	The Annington Group, being Annington Limited and its subsidiaries
I/S	Income Statement
IFRS	International Financial Reporting Standards
Judicial Review	Judicial review is a type of court proceeding in which a judge reviews the lawfulness of a decision or action made by the Government or a public body.
KPI	Key Performance Indicator
LRA 24	Leasehold and Freehold Reform Act 2024
MoD	The Ministry of Defence of the United Kingdom
MQE	The Married Quarters Estate – residential property Units acquired under the 1996 Acquisition and leased to the MoD
Non-MQE Portfolio	The Non-MQE: Surplus Estate together with the Non-MQE: Rentals Portfolio and Units under development either for sale or for rental
Non-MQE: Rentals Portfolio	Units owned by subsidiaries other than APL and let on bulk or AST leases
Non-MQE: Surplus Estate	Units transferred from the MQE Portfolio upon release by the MoD and which remain in APL
OCI	Other comprehensive income
ONS	The Office of National Statistics
PV panels	Photovoltaic panels
Released Units	Units which are released out of the MQE to Annington by the MoD
Rent Review	Review of rent payable on the Beacon Units within the MQE against open market rent. The MQE at the time of the 1996 Acquisition was split into four broadly homogenous tranches for the purposes of Rent Reviews, which are conducted on a five-year rolling basis, with a single tranche being reviewed over each of four of the five years, and no review being carried out in the fifth year.
RICS	The Royal Institution of Chartered Surveyors

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APPENDICES

For the year ended 31 March 2026

<u>Term</u>	<u>Definition</u>
SAVPV	Special Assumption of Vacant Possession Value are estimated by the Group based on the hypothetical assumption that each property is vacant, sold on an individual basis, with no allowance for time or money costs on disposal and no account taken of any discount or premium if all or any part of the relevant portfolio were to be marketed simultaneously.
SDG	United Nations Sustainable Development Goals
SECR	Streamlined Energy and Carbon Reporting
Site(s)	Site(s) upon which one or more Units were located
Subsidiary	A subsidiary within the meaning of Section 1159 of the Companies Act 2006
TCFD	Task Force on Climate Related Financial Disclosure
Terra Firma	Terra Firma Capital Partners Limited, Terra Firma Investments (Special Opportunities Fund I) Limited or Terra Firma Investments (Special Opportunities Fund II)
TFSOFI	Terra Firma Special Opportunities Fund I
TFSOFII	Terra Firma Special Opportunities Fund II
UK	The United Kingdom
Underlease	The 200 year lease that APL granted to the MoD following acquisition of the MQE Portfolio on 5 November 1996
Units	Residential property units
Utilities Agreement	An agreement whereby the MoD is contracted to supply some utility services on a Base Dependent Site, until at least 75% of the properties located on a given Site have been released

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APPENDICES

For the year ended 31 March 2026

Appendix 3: 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.

	Reference	2026 £ 000	2025 £ 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	16,163	198,466
Net rental income margin			
Gross rental income as presented on the face of the income statement	I/S	16,163	198,466
Property operating expenses as presented on the face of the income statement.	I/S	(8,204)	(9,816)
Add back property operating expenses on non-operational Units	Note 4	4,125	6,079
Net rental income		12,084	194,729
Divided by Gross rental income		16,163	198,466
Expressed as a percentage		74.8%	98.1%

Adjusted EBITDA

Adjusted EBITDA is calculated as:

Operating loss before financing and tax as presented on the face of the income statement, adjusted for:	I/S	(187)	(649,423)
Amortisation, depreciation, or impairment (including other non-cash write downs) of assets	Note 5	704	738
Revaluation (gains)/losses on investment properties	I/S	(4,126)	24,002
(Profits), losses or impairment items attributable to joint ventures	I/S	(276)	215
Dilapidation income	Note 5	(44)	(9,290)
(Profit)/loss on disposal of investment properties	I/S	(1,608)	791,293
Loss on disposal of inventory	I/S	-	21
One-off items (Enfranchisement Proceedings costs shown in the income statement)	I/S	116	4,709
Property operating expenses on non-operational Units	Note 4	4,125	6,079
		(1,296)	168,344

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APPENDICES

For the year ended 31 March 2026

Appendix 3: Alternative Performance Measures – Definitions and Calculation (continued)

	Reference	2026 £ 000	2025 £ 000
Adjusted EBITDA Margin			
Adjusted EBITDA margin is calculated as:			
Adjusted EBITDA as calculated above	Above	(1,296)	168,344
Divided by gross rental income as presented on the face of the income statement	I/S	16,163	198,466
		<u>16,163</u>	<u>198,466</u>
Expressed as a percentage		N/A	84.8%
		<u>N/A</u>	<u>84.8%</u>
 Free cash flow			
Free cash flow is calculated as:			
Net increase in cash and cash equivalents, adjusted for:	C/F	(75,937)	1,252,410
Purchase of investment properties, as shown in the investing cash flows	C/F	90,749	182
Repayment of borrowings as shown in the Financing cash flows	C/F	89	2,941,109
Dividends paid	C/F	-	1,930,000
		<u>14,901</u>	<u>6,123,701</u>
		<u>14,901</u>	<u>6,123,701</u>
 Operation rental yield			
Operational rental yield is calculated as:			
Net rental income, as calculated above	Above	12,084	194,729
Divided by average carrying value of operational investment properties during the year	B/S	272,157	5,376,211
		<u>272,157</u>	<u>5,376,211</u>
Expressed as a percentage		4.4%	3.6%
		<u>4.4%</u>	<u>3.6%</u>

Appendix 4 - Summary of the Group's Progress Against the TCFD Recommendations

The Group continues to use the TCFD recommendations as a reference point as they are considered to be a good entry point for moving towards the further guidance provided by IFRS S1 and S2. The Group plans to further progress its climate disclosures in line with best practice.

GOVERNANCE	
Describe the Board's oversight of climate-related risks and opportunities.	The Group's Chief Executive has ultimate responsibility for sustainability, including climate change, and chairs the Sustainability Taskforce (ST). As the Group begins to consider the implications of climate-related risks and opportunities, the terms of reference, including the relationship with the Board, operating structure, frequency of meetings and outputs of the CRT will be reviewed to ensure ESG matters have an appropriate level of governance and are integrated within the business.
Describe management's role in assessing and managing climate-related risks and opportunities.	The Group's Property Strategy & Technical Manager (who reports, through the Head of Project Management, to the Chief Operating Officer) will be responsible for embedding environmental considerations throughout the Group's design and build process. The Sustainability Manager is also responsible for communicating and implementing the Sustainability strategy within the Group, which includes climate related considerations and mitigating activities. If required, additional specialist resource will be utilised to ensure climate-related issues, including current and potential future policy, are identified and the implications for the Group are clearly understood.
STRATEGY	
Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term.	Regulatory and financial related climate-change risk has been identified by the Group as a principal risk. Further information can be found in the Principal Risks and Uncertainties section of this report. The Group is at the start of a process to better understand climate-related risks to its business over the short, medium, and long-term. A review identified the following potential impacts relevant to the Group's business from physical climate change risks associated with changing weather patterns and increased frequency of extreme weather events that lead to increased risks of flooding and overheating: • Disruption on site; • Disruption to the Group's supply chain; and • Impact on comfort levels in the homes the Group builds and refurbishes. Flood risk assessments are conducted for any new developments. The Group is also alert to the forthcoming changes to building regulations in regard to mitigating against overheating and is planning accordingly. The Group considers that there is a high level of transition risk as the UK moves to a low-carbon economy. This includes risks that arise from: • Policy changes resulting in new legislative requirements. For example, the impact of the Future Homes Standard and associated updates of the Building Regulations will require house building and renovations to result in increasing levels of energy efficiency and a move towards renewable energy for heating by 2025; • Carbon taxes and resulting increasing energy and material costs; and • Consumer preferences and expectations. The Group will be engaging with its supply chain partners and relevant expert bodies to improve its understanding of the financial risks to the business.

Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Going forward, the Group will undertake a climate-related risk and opportunity assessment, which will identify the impacts on the business strategy and financial planning.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	As part of the climate-related risk and opportunity assessment, the business will identify appropriate future climate scenarios to assess against.
RISK MANAGEMENT	
Describe the organisation's processes for identifying and assessing climate related risks.	A full ESG review has been completed and the resulting recommendations related to climate risk are being fully assessed with the input of outside consultants. Once completed, The Group plans to integrate the findings into a Group-wide risk management framework and assessment to ensure robust management measures are in place.
Describe the organisation's processes for managing climate-related risks.	As the Group begins to fully understand its climate-related risks and opportunities, these will be fed into the annual ESG risk assessment which will form part of its integrated risk management process.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The Group maintains a risk register which is updated and reviewed by the Board. The Audit Committee has specific responsibility for monitoring financial reporting, external audit programmes and providing assurance to the Board on financial, operational and compliance controls. The senior leadership team is responsible for implementing Group policies, tracking risk management performance, identifying principal risks and allocating resources for effective risk management and mitigation.
METRICS AND TARGETS	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities.	Once the climate-related risk and opportunities assessment has been completed for the Group, appropriate metrics will be identified to assess the risks and opportunities going forward.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	The Group measures Scope 1 and Scope 2 GHG emissions and these are reported in its Annual Report & Accounts as part of the annual SECR disclosure. Scope 3 emissions pertaining to business travel via employee-owned vehicles are included in this measurement and reported in the SECR disclosure. During the reporting period, the Group initiated its second carbon foot-print project aimed at helping the Group more fully understand its operational and organisational boundaries. Scope 3 categories were expanded to include Waste from Operations, Employee Commuting, Business Travel, Purchased Goods and Services, Capital Goods, Transport and Distribution and Use of Sold Products.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The results of the second carbon foot-printing project described above will be used to help the Group develop its ESG/Sustainability Strategy.

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