Company Registration No. 03818321

ANNINGTON RENTALS (HOLDINGS) LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2020

ANNINGTON RENTALS (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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ANNINGTON RENTALS (HOLDINGS) LIMITED

STRATEGIC REPORT

Annington Rentals (Holdings) Limited ("the Company") is the holding company of nine subsidiaries. Of these subsidiaries, seven own investment properties. These are held either to help generate comparison data which the Annington Limited Group ("Annington" or the "Group") uses in rent review negotiations with the Ministry of Defence ("MoD"), to let properties to the MoD at market value, or to let properties to third parties on the open market. A further subsidiary is a developer of residential property, whilst the final subsidiary, from time to time, lets certain unoccupied Units within the Retained Estate on the open market on behalf of the MoD. As a holding company, the Company's performance is dependent on that of its subsidiaries, whose performance, strategy and principal risks and uncertainties are described below.

THE BUSINESS

The Company and its subsidiaries ("the ARHL Group") own a property portfolio of private rented sector accommodation, which, as at 31 March 2020, consisted of 1,716 (2019: 1,607) property units let on bulk or assured shorthold tenancies. In addition to this, the ARHL Group also manages a further 44 (2019: 78) properties as of 31 March 2020.

The ARHL Group was established in 1999 for the purpose of creating a residential investment portfolio, thereby diversifying and providing increased stability to the property portfolio of the wider Annington Limited Group. The ARHL Group seeks opportunities to maximise returns through strategic acquisitions of residential property from third parties and Annington Property Limited.

The portfolios of properties, held within the subsidiaries, each have different characteristics and are therefore subject to different management considerations. Strategic decisions, such as acquisitions, refurbishment programmes, letting criteria and disposals are all taken by the rentals management team. The day-to-day letting, billing, rent collection and maintenance activities are mainly outsourced to Touchstone Corporate Property Services, who in turn use a network of local letting agents to arrange inspections and individual lettings. This structure works well for the ARHL Group given the geographic spread of properties, and enables the in-house portfolio managers to maintain a strategic focus. As at 31 March 2020, annual passing rent in respect of the ARHL Group was £19.4 million (2019: £16.4 million). At the same date, the fair value of the ARHL Group's investment properties was estimated to be £405.9 million (2019: £410.3 million). The decrease in valuation was reflective of the fall in the property market, offset by the effects of the expansion in the portfolio during the year. Due to uncertain market conditions, the ARHL Group has continued its moratorium on PRS acquisitions instituted in December 2018. The Group will continue to monitor the market and, when the risks evident in the current market have subsided, intends to look for appropriately priced opportunities in the PRS sector.

PROPERTY MARKET OVERVIEW

The 2019/2020 financial year began with annual house prices on the same flat to slightly downward trajectory which had been in evidence since January 2018. The market up to December 2019 remained in a state that might best be described as 'lacklustre'. Total price growth in 2019 was 1.4% according to Nationwide, broadly in line with market expectations, and an improvement on the 0.5% growth in 2018. The headline numbers again obscured significant regional variations with Wales and the North outperforming – the North East, West Midlands and Scotland were all up c.2.7% over the year – and London and the South East the primary drag, down 1.8% and 1.0% respectively.

It is worth noting that in real terms, the average UK home was worth the same at the end of the decade as it was at the beginning (December 2009 to December 2019) – in fact, average values fell by 0.8% when adjusted for inflation (Savills). This is in stark contrast to the previous decade (2000 – 2010) during which prices rose by 67% in real terms, and the decade preceding that (1990 – 2000) where prices fell by 14%.

Brexit uncertainty weighed heavily on market sentiment and transactions were subdued, in spite of a supportive employment and mortgage environment. It was clear that greater clarity would be needed in order for the housing market to break out of this trend. The certainty resulting from the decisive Conservative Party majority which emerged from the December General Election lived up to these expectations and appeared, briefly, to be the encouragement both buyers and sellers needed with stronger price gains and increasing momentum in the market during the fourth quarter of 2019 and into the first quarter of 2020.

Expectations at the start of the calendar year were that house price growth would be marginally stronger in 2020. Rightmove expected a modest increase in house prices of 2% during the year on the basis of greater certainty following the General Election, the continuing trend of demand outstripping supply, and the continuation of a supportive economic backdrop (low interest rates, willing mortgage lenders, wage growth and high employment). This was mirrored by other commentators with house prices rising in Q1 2020 at their strongest for some time. Both Halifax and Nationwide reported annual house price growth of 3% to the end of March.Rightmove ended the financial year with even higher numbers, recording house price growth of 3.5%, the highest annual rate of house price growth for its dataset since December 2016. Activity levels were up too with Rightmove reporting that the number of sales agreed has increased 17.8%, that properties were selling an average of 6% faster nationally and 18% more quickly in London.

Rents also performed well, increasing nearly twice as fast over the 2019/2020 year as they did in 2018 (Hamptons International), with the average monthly rent now £989, 2.1% up over the year. In direct contrast to house price inflation, rent inflation has been greatest in the Greater South (London, East Anglia and the South East) at c.4%, while in the North rents have increased by just 0.2%. Savills reports 1.4% annual rental growth across the UK with the same regional divergence and notes that this is the strongest performance since 2017.

With the onset of the COVID-19 pandemic, and as a result of lockdown, including recommendations by the Minister for the Cabinet Office that people should avoid selling their homes or renting somewhere new while the crisis continues, business activity levels across the country fell dramatically. The March RICS survey shows that 87% of surveyors had seen falls in new enquiries and 86% had seen falls in new instructions to sell, rising to 93% and 96% respectively in April and not much changed in May 2020 either, reflecting the effect of lockdown on the simple practicalities of selling a house (this is significantly changed in June and July with 61% seeing a definite increase in new enquiries and 42% in new instructions). Interestingly, the March RICS survey recorded more surveyors seeing price rises than falls and recent evidence is that pricing might be under a bit of pressure but activity levels are strong.

COVID-19 cut away any gains the market enjoyed in the first quarter of the 2020 calendar year and while there is a recovery, it is far too early to speculate on the impact of the COVID-19 pandemic on the economy as a whole and the residential property market in particular. Any full recovery will depend on many factors, from Government policy to the policies lenders adopt toward debt and mortgage lending. House prices fell by 1.4% in June, according to Nationwide, which drags annual growth down into negative territory, with values 0.1% lower than they were in 2019, the first fall on an annual basis since December 2012. In the rental markets whilst voids may remain low – due to Government intervention to prevent evictions – rental arrears are likely to increase the longer this goes on.

Like everyone in the industry, the ARHL Group was affected by the COVID-19 pandemic and lockdown. The operational new build site at Brize Norton was closed with immediate effect. Sales offices and rental outlets were closed but we continued to provide an emergency repair response throughout the period. Our contractor returned to site six weeks after lockdown commenced, thereby minimising the impact. The site is now back up to 100% capacity in terms of output; build and sales rates are encouraging with good viewing and reservation data.

The recovery the housing market is currently seeing may be an immediate and knee-jerk response to the period of lockdown. While it may give hope that the underlying demand supply imbalance will underpin long term pricing and not result in any substantial movement in house prices or rental values, uncertainty remains amid an economic backdrop of the recession which the United Kingdom formally announced in August.

STRATEGY

The key strategy of the ARHL Group is to actively manage and strategically expand the private rented sector property portfolio. The impact of Covid-19 has been considered and is not seen as a material factor in the strategic plan. The key elements of the ARHL Group's strategy, aiming at maximising returns across all activities, are described below.

Diversify and expand private rental portfolio

Through the PRS Portfolio, the Group intends to continue diversifying its property portfolio, by letting at market rates to the MoD or third parties on the open market, and improve its returns through actively managing tenancies and rental levels. The Group is in a unique position to leverage its management expertise and operating platform developed through running its existing PRS Portfolio to expand further into the UK PRS sector. Annington sees significant opportunity over the medium to long-term; the Group is open to considering opportunities that fit its strategy to provide UK families with more affordable, quality homes. The Group will continue to monitor the market and, when the risks evident in the current market have subsided, intends to look for appropriately priced opportunities in the PRS sector.

Proactive management of existing rental portfolio

The ARHL Group is an established provider of private rental housing, with plans to grow and provide more affordable, quality, family homes in the UK. Our target tenants are households who want to transition from small flats to family houses. The Group's disciplined and value enhancing approach means it offers a long-term solution to help address the UK's housing crisis. Where there may be an upcoming void property, Annington performs a review of the local property market to determine the optimal solution for that property. This includes assessing what rental level should be achieved on re-letting and potential alternate options will be considered, including refurbishment, redevelopment and disposal. The Group intends to target locations where a particular housing demand is identified or where housing market conditions are anticipated to improve.

Seek out development opportunities

The Group will continue to pursue investment opportunities, arising from releases from the MQE, when market conditions and the terms of its financing arrangements permit. This may include in-house development or entering into joint venture arrangements where a sharing of skills, assets and resources provides the possibility of increased returns.

FINANCIAL PERFORMANCE AND REVIEW

The ARHL Group generated rental income of £19.1 million (2019: £15.9 million), reflecting the expansion of its PRS portfolio.

During the year, 63 properties were sold by the ARHL Group (2019: 55 properties), resulting in income of £13.5 million (2019: £8.9 million).

Void levels have been kept well below set targets during the year, except for the let up period on newly completed investment properties.

The ARHL Group continues to operate a mixed portfolio of rental units on assured short-hold tenancies and bulk leases. Bulk lettings to the MoD (representing over half of the properties) are at fixed rental values for the first five years of the lease.

At 31 March 2020, the Company's total assets amounted to £411.5 million (2019: £436.9 million), with the investment in its subsidiaries underpinning this value, which is in turn sustained by the investment properties owned by them, which are located in England and Wales. The market value of these properties is reassessed annually.

On the same date, the Company's combined liabilities totalled £508.5 million (2019: £514.1 million), principally relating to intra-group loans with its immediate parent, Annington Homes Limited, which is financed by shareholders' equity, external bonds and a term loan.

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS

The Company is a holding company and is reliant on its subsidiaries to generate adequate returns. The KPIs are measured on a group basis on controllable variable drivers of its activities. These are:

<table>
<tr><th>KPI</th><th>2020
£ millions</th><th>2019
£ millions</th><th>Basis of calculation</th></tr>
<tr><td>Net rental income</td><td>15.3</td><td>13.1</td><td>Net rental income is calculated by as property rental income less property operating expenses. Property operating expenses are incurred and not recharged to the tenant.</td></tr>
<tr><td colspan="4">This measure is used as an indicator of the returns the group is achieving. Net rental income has increased £2.3 million and is mainly due to the addition of properties to the ARHL Group's PRS portfolio.</td></tr>
<tr><td>Property operating expenses</td><td>3.8</td><td>2.7</td><td>Property operating expenses are incurred and not recharged to the tenant.</td></tr>
<tr><td colspan="4">Property operating expenses are measured to track the operating costs of the portfolio. Property operating expenses have increased due to the additional properties added to the portfolio.</td></tr>
<tr><td>Adjusted EBITDA</td><td>11.5</td><td>9.7</td><td>Adjusted EBITDA is calculated as:
(6.7)m - accounting operating profit/(loss) before financing and tax, adjusted for
18.2 m - revaluation gains/losses on investment properties in the income statement</td></tr>
<tr><td colspan="4">Adjusted EBITDA is used as a proxy for the normalised earnings of the business. This metric makes comparisons more meaningful across different periods. This measure is prepared for management accounts, separate from similar measures that are prepared for covenant compliance. It has increased by £2.1 million, mainly due to the addition of properties to the ARHL Group's PRS portfolio.</td></tr>
<tr><td>Free cash flow</td><td>20.3</td><td>22.7</td><td>Free cash flow is calculated as:
(33.7)m - the net decrease in cash and cash equivalents, but adding back
27.7 m - cash spent on purchase of investment properties
26.3 m - intercompany loan increases/repayments
Nil - and any dividends (none to date).</td></tr>
<tr><td colspan="4">This measure is utilised to assess the cash generated to be utilised on discretionary purchases or dividends. Free cash flow has decreased by £2.4 million, resulting from the timing of bulk rent receipts and working capital movements.</td></tr>
<tr><td>Net rental yield</td><td>3.8%</td><td>3.2%</td><td>Net rental yield is calculated as:
15.3 m - net rental income, divided by
405.9 m - the investment properties carrying value.</td></tr>
<tr><td colspan="4">This measure is used to measure rental yields. In 2019 the net rental yield rose as a result of the increased rental income from the expansion of the PRS portfolio and the slightly reduced values of the portfolio at year-end.</td></tr>
</table>

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The table below outlines the principal risks and uncertainties:

Area of Potential Uncertainty	Risk	Strategy
The UK housing market may be significantly affected by changes in general and local economic conditions, including the finalisation of the "Brexit" trade agreements and the impacts of COVID-19.	The property market has a history of experiencing periods of rising values followed by a slowdown in growth rates and even falling values. The realisable value of the ARHL Group's property portfolio at any given time can be affected by many factors outside the ARHL Group's control. During periods of low demand, low prices and poor sales rates, land and properties may become particularly illiquid, which could lead the ARHL 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. Similarly, rental income may be delayed or reduced.	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 ARHL Group could implement alternative strategies, including renting units on a short-term basis until market conditions become more favourable.
Property valuation is inherently subjective and uncertain.	Valuations are inherently subjective due to the individual nature of each property and are based on assumptions that may not prove to be accurate. There is a risk that the valuations of the ARHL 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 ARHL Group's business, results of operations and financial condition. Unsound valuations could also undermine the ARHL Group's ability to negotiate favourable rent increases during rent reviews with the tenants.	The ARHL Group manages this risk by ensuring that regular valuations of the ARHL Group's properties are performed by external, independent, third party professional valuers, registered with the Royal Institute of Chartered Surveyors.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

Area of Potential Uncertainty	Risk	Strategy
The pursuit of a PRS growth strategy increases the ARHL ARHL Group's exposure to this market.	The PRS sector in the UK is in its infancy and there are few external benchmarks against which the ARHL Group can measure its performance. To grow this business, the ARHL Group will have to acquire assets on acceptable terms, gather quality information to support decision making and manage the PRS expansion in the ARHL Group. The ARHL Group will be exposed to increased market forces and competitive pressures, which may impact returns and/or decrease asset values.	The ARHL Group scrutinizes potential opportunities and project plans utilising the 20+ years of experience gained in the residential rental market, meaning it has in-depth knowledge of local market dynamics, including rents, valuations and occupancy rates. Multiple courses of action are considered and investment appraisals are carried out before new property is purchased to ensure that there are sufficient returns or that a strategic advantage can be gained. The ARHL Group limits its exposure to market forces by expanding its portfolio incrementally so that negative effects are limited.
The ARHL Group may face substantial damages or be enjoined from pursuing important activities as a result of existing or future litigation, arbitration or other claims.	The ARHL Group may become exposed to potentially significant litigation, arbitration proceedings and other claims in connection with the ARHL Group's business. Disputes could arise in connection with the ARHL Group's contracts for the provision of property management services or otherwise. Due to the uncertainty inherent in litigation, there can be no assurance that the ultimate outcome of any legal proceedings will not result in an award of substantial damages against the ARHL Group, including one beyond its financial resources. Further, should an issue arise in connection with a large proportion of the ARHL Group's properties, plaintiffs may seek class action status. The ARHL Group's insurance policies may not be available or adequate to cover any liability for damages, the cost of repairs, or the expense of litigation surrounding future claims. This may have a material adverse effect on the ARHL Group's business, results of operations and financial condition.	The ARHL Group maintains policies and procedures to ensure it is compliant with laws and ethical standards to minimise the risk of significant litigation. In addition, the ARHL Group employs respected companies to advise on transactions and other legal matters.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

Area of Potential Uncertainty	Risk	Strategy
The ARHL Group's senior manage-ment team is critical to the ARHL Group's continued performance.	The ARHL Group relies, to a significant extent, on the discretion and judgment of the management team. The ARHL Group's performance and success is dependent, in part, upon the members of the ARHL Group's senior management team and, in particular, their relationships with, and their understanding of the requirements of the MoD, other relevant public and regulatory authorities in the industry and other persons with whom the ARHL Group regularly deals in the conduct of the its business. While the ARHL Group has put in place policies and remuneration packages that are designed to retain and properly incentivise management, should senior management leave in significant numbers, or if a critical member of senior management were to leave unexpectedly, the ARHL Group's business, results of operations and financial condition could be adversely affected.	The ARHL Group has devised remuneration packages that are designed to retain and properly incentivise management. Knowledge is shared between senior staff members at formal and informal meetings. Additionally, if there is sudden increased activity within the business, it can managed effectively through a combination of recruitment and outsourcing to provide the resource needed.
The ARHL Group's business could be disrupted if its information systems fail or if its databases are destroyed or damaged.	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. The ARHL 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.	The Group has taken measures to mitigate potential information technology security risks and information technology failures. The Group takes regular back ups and tests its IT disaster recovery plan on an annual basis.

GOING CONCERN

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis are to be found in Note 2 to the financial statements.

STRATEGIC REPORT (continued)

OUTLOOK

The property market officially reopened on 13 May but market commentators consider that eight weeks of construction and sales activity was lost. Nevertheless, Knight Frank forecasts a loss of 526,000 sales in 2020 as the economic impact of the COVID-19 pandemic plays out. However, in the first few days following the Government's announcement that transactions could resume, Knight Frank reported that the number of new buyer registrations reached the highest level since the second week of March and the housing market had its best ever week outside London, with prices in June higher than before the lockdown. Demand has continued to rebound strongly, but with a shift in preference away from city locations as buyers are keen for more space. In spite of this, the City consensus says that, once that demand is met, prices will fall but the Chancellor of the Exchequer's announcement of an SDLT holiday until 31 March 2021 has caused some commentators to reconsider.

Whilst Rightmove reported an increase in average asking prices of £6,266 or 1.9% between March and May 2020, the Nationwide's HPI report for June 2020 suggests greater caution in considering the longer term prospects for the market. Nationwide reported that annual price growth stopped in June with prices down 0.1% from 1.8% in May. Prices fell 1.4% month-on-month following a 1.7% fall in May, the first negative return since December 2012. While latest data from HMRC showed a slight pick-up in residential property transactions from April's low, in May they were still 50% lower than the same month in 2019. Mortgage activity saw an even more dramatic slowdown – there were only 9,300 approvals for house purchases in May, down from 73,700 in February and 86% lower than in May 2019. The medium-term outlook for the housing market remains highly uncertain. Much will depend on the performance of the wider economy.

There has been strong demand in the rental market since May, when many renters took the first opportunity to move and where possible obtain more space. This has been tempered by an increase in rental arrears. The Government introduced a moratorium on rental evictions, initially until 23 June, but subsequently extended to 23 August. Fortunately, Annington is not heavily exposed to the private rental market.

The future of the property market remains hard to predict and additional Government stimulus is possible in the coming months. Annington will remain focused on ensuring that the Group's core investments are managed in a responsible manner during this time.

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

A P Chadd
Director
21 August 2020

REGISTERED OFFICE
1 James Street
London, United Kingdom
W1U 1DR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

DIRECTORS

The directors who served throughout the year and to the date of this report were:

A P Chadd
J C Hopkins
N P Vaughan

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

DIVIDENDS

No dividends were proposed or paid during the year (2019: nil).

FINANCIAL RISK MANAGEMENT

The Company is funded by its immediate parent, Annington Homes Limited. Please refer to Note 2 to the Financial Statements regarding this funding arrangement, as well as the Principal risks and Uncertainties section in the Strategic Report.

GOING CONCERN

The Company operates in the real estate sector in the United Kingdom. In certain circumstances, the Company may have reason to look to parent entity or wider Annington Limited group ('The Group') support to continue as a going concern for the foreseeable future. The company has assessed parent entity and wider group's ability to provide this support.

Critical to the Group's future as a going concern is the ability to service and repay its debt. For the foreseeable future, at least until the maturity of the Euro denominated tranche of Notes in 2024, the Group only needs to pay the interest on the debt. The debt has a number of covenants to comply with under both the bonds and loan facility. The covenants attaching to the debt are:

Covenant	Test	Limit for Bonds	Limit for Loans
Limitation on Debt	Total debt / Total assets	<65%	<65%
Limitation on Secured Debt	Secured debt / Total assets	<40%	<40%
Interest Cover Ratio	EBITDA / Interest	1.0x (dividend lockup at 1.3x)	1.15x (dividend lockup at 1.3x)
Unencumbered Assets	Unencumbered assets / Unsecured Debt	>125%	>125%

On 26 March 2020, an agreement to amend the terms of the £400 million unsecured term loan was entered into. The maturity of the term loan and the revolving credit facility is now extended to March 2025, from July 2022, whilst the undrawn revolving credit facility is reduced to £100 million. This agreement became effective on 1 April 2020, with the modifications applicable from that date.

The Group's forecasts do not indicate any of these covenants will be breached in the foreseeable future. Further, the Group's forecasts do indicate that sufficient cash flow will be generated to cover payments of interest on its debt and generate significant additional free cash flows to allow for reinvestment or potential dividends to shareholders. Further, were this not possible, cash reserves and the undrawn revolving credit facility provides additional liquidity to the Group to allow the continued operation for the foreseeable future. The Group is satisfied that sufficient actions are available to mitigate any potential adverse impact on covenant compliance in the event of any reasonably foreseeable unfavourable outcome to the ongoing site review process.

The Group meets its day-to-day working capital requirements from both rental income and property sales. In uncertain economic environments, such that there is uncertainty over the level of demand for properties, comfort is gained that the rental income is sufficient to meet debt service requirements without the need for sales. A significant number of units could become void and the Group would still be able to service its debt obligations from the remaining rental income.

DIRECTORS' REPORT (continued)

The Group receives cash on a quarterly basis in relation to its long-term rental of investment properties. The lengthy timeframes for the rent review and site review processes mean that the effects of market movements are averaged over these cycles and significant movements will take a while to impact the results of the Group. For example, the effect of the Site Review on rent will become effective for the first tranche in December 2021 with one further tranche per year until December 2024. The forecast receipts of rent in the year ahead will be sufficient to meet short-term cash requirements. In making these forecasts and considering the issue of going concern, the Board has taken into account the effects of the UK's exit from the European Union and of COVID-19. Possible downside effects considered included falling house prices, falling rental values, increased arrears from tenants. In all circumstances, cash reserves and rental receipts from the MoD were sufficient to fund the ongoing operations of the group.

After making enquiries, including seeking assurances from the company's parent entity and receiving confirmation that it will provide financial assistance if required, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

STRATEGIC REPORT

The Company's financial risk management and future developments are set out in the strategic report.

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 ought to have taken as a director to make himself 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 have expressed their willingness to continue in office as auditors and arrangements have been put in place for them to be reappointed as auditors in the absence of an Annual General Meeting.

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

A P Chadd
Director
21 August 2020

REGISTERED OFFICE
1 James Street
London, United Kingdom
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON RENTALS (HOLDINGS) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Annington Rentals (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related Notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 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 (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON RENTALS (HOLDINGS) LIMITED (continued)

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 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 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; orthe directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

Richard Howe FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
21 August 2020

INCOME STATEMENT
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Administrative expenses		(3,000)	(3,192)
Dividend received		-	3,000
Operating loss	3	(3,000)	(192)
Finance income	5	24,482	20,644
Finance costs	5	(20,151)	(18,398)
Profit before taxation		1,331	2,054
Taxation	6	-	-
Profit for the year after taxation		1,331	2,054
Profit attributable to shareholder		1,331	2,054

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Profit for the year		1,331	2,054
Items that may not subsequently be recycled through the income statement			
Change in fair value of investment in subsidiary companies	7	(21,130)	6,650
Total other comprehensive (loss)/income		(21,130)	6,650
Total comprehensive (loss)/income for the year		(19,799)	8,704
Total comprehensive (loss)/income attributable to shareholder		(19,799)	8,704

BALANCE SHEET
At 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Investment in subsidiary companies	7	72,580	93,710
		72,580	93,710
Current assets			
Receivables	8	325,986	296,662
Cash equivalents and restricted cash	9	12,971	46,561
		338,957	343,223
Total assets		411,537	436,933
Current liabilities			
Trade and other payables	10	(268)	(298)
Loans and borrowings	11	(508,233)	(513,800)
		(508,501)	(514,098)
Net current liabilities		(169,544)	(170,875)
Total liabilities		(508,501)	(514,098)
Net liabilities		(96,964)	(77,165)
Capital and reserves			
Share capital	12	-	-
Revaluation reserve		(44,820)	(23,690)
Retained Earnings	13	(52,144)	(53,475)
Total deficit		(96,964)	(77,165)

The accompanying notes (1 to 16) should be read in conjunction with these financial statements.

The financial statements of Annington Rentals (Holdings) Limited, registered number 03818321, were approved by the Board of Directors and authorised for issue on 21 August 2020.

Signed on behalf of the Board of Directors

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STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total deficit £'000
At 1 April 2018	-	(30,340)	(55,529)	(85,869)
Profit attributable to shareholder	-	-	2,054	2,054
Total other comprehensive gain for the year	-	6,650	-	6,650
Balance at 31 March 2019	-	(23,690)	(53,475)	(77,165)
Profit attributable to shareholder	-	-	1,331	1,331
Total other comprehensive loss for the year	-	(21,130)	-	(21,130)
Balance at 31 March 2020	-	(44,820)	(52,144)	(96,964)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. CORPORATE INFORMATION

Annington Rentals (Holdings) 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 1 James Street, London, United Kingdom, W1U 1DR. Information on the Company's ultimate parent is presented in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"), and with the Companies Act 2006.

These financial statements are presented in pound sterling, which is the functional currency of the Company. All values are rounded to the nearest thousand (£'000), except where otherwise indicated. The financial statements have been prepared on the historical cost basis, except for investment in subsidiary companies that is measured at fair value at the end of each reporting period.

Exemptions for qualifying entities under FRS 101

FRS 101 permits a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied by the Company. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-adopted International Financial Reporting Standards, including an opening balance sheet;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Annington Limited, which are publicly available.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. 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 are to be found in the Directors' report.

New Standards, interpretations and amendments effective from 1 April 2019

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2019, have had a material impact on the company.

Group financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company for which consolidated financial statements are prepared.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Certain of the Company'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 7.

Critical accounting 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 to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty
In the calculation of the fair value of investments in subsidiaries, the selection of comparable companies is made subjectively by reviewing publicly available information. Further, the underlying asset values within the group are subject to judgements and estimates, changes in which could change the valuation base. Information about the valuation techniques and inputs used in determining the fair value of investments in subsidiary companies is disclosed in Note 7.

3. OPERATING LOSS

The auditors' remuneration was £26,600 (2019: £20,000) for the audit of the Company's annual financial statements, and was borne by another group company, in the current and preceding year.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of Annington Limited.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to the company in the current and preceding year.

The Company had no employees of its own during the year (2019: none). The cost of performing work for the Company is borne by another group company, Annington Management Limited, in the current and preceding year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

5. 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.

	2020 £'000	2019 £'000
Finance income		
Bank interest receivable	133	120
Interest receivable on intercompany balances	24,349	20,524
Total finance income	24,482	20,644
Finance costs		
Interest payable on intercompany balances	20,151	18,369
Other finance expenses	-	29
Total finance costs	20,151	18,398

6. TAXATION

ACCOUNTING POLICY

The taxation expense for the year comprises current and deferred tax. Tax 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 in the countries where the Company operates and generates taxable income. 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 FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

6. TAXATION (continued)

	2020 £'000	2019 £'000
Current tax		
United Kingdom corporation tax at 19% (2019: 19%)	-	-
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 19% (2019: 19%). The tax for the current and the previous years differ from the standard tax rate for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
Profit before taxation	1,331	2,054
Tax charge at the standard rate	(253)	(390)
Factors affecting the current tax for the year:		
Expenses not deductible for tax purposes	(1,340)	(1,222)
Income not assessable for tax purposes	2,811	2,608
Group relief surrendered	(1,218)	(996)
Total taxation for the year	-	-

The rate of Corporation Tax for the UK had previously been set at 17% and this had been enacted at the time of preparing the March 2019 financial statements, accordingly the deferred tax at 31 March 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. In March 2020, this was enacted, with calculations of both current and deferred tax balances using the 19% rate for 31 March 2020.

Deferred tax

No deferred tax liabilities are recognised on temporary differences associated with investments in subsidiaries for the current and preceding year in accordance with the accounting policy. At the balance sheet date, the Company has unrecognised deferred tax liabilities relating to the investment in subsidiaries of £13.8 million (2019: £15.9 million).

Deferred tax balances at 31 March 2020 are measured at 19% (2019: 17%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

7. 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.

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

	2020 £'000	2019 £'000
Valuation		
At 1 April	93,710	87,060
Change in fair value of investments through OCI	(21,130)	6,650
At 31 March	72,580	93,710

The historical cost of the investment in subsidiaries was £120,000,008 (2019: £120,000,008).

Fair value is measured by applying to the net asset value of investees an estimated discount or premium determined through an analysis of comparable FTSE 100 and FTSE 250 companies. 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 result, a 26% discount (2019: 7% discount), was applied to the net asset values (adjusted to bring book values to fair values for classes of assets and liabilities carried at book value) of each of the Company's subsidiaries to arrive at fair value. Had the discount increased/decreased by 1%, the fair value of the investment in subsidiaries would have decreased/increased by £1.0 million respectively (2019: £1.0 million).

A loss on the fair value movement of £21.1 million (2019: gain of £6.7 million) was recognised through other comprehensive income.

The Company's subsidiary undertakings at 31 March 2020, in which the Company holds all the ordinary share capital and which are wholly owned, are shown below:

Name of subsidiary undertakings	Country of incorporation	Principal activity
Annington Rentals Limited	United Kingdom	Property investment
Annington Rentals (No.2) Limited	United Kingdom	Property investment
Annington Rentals (No.3) Limited	United Kingdom	Property investment
Annington Rentals (No.4) Limited	United Kingdom	Property developement
Annington Rentals (No. 5) Limited	United Kingdom	Property investment
Annington Rentals (No. 6) Limited	United Kingdom	Property investment
Annington Rentals (No. 7) Limited	United Kingdom	Property investment
Annington Rentals (No. 8) Limited	United Kingdom	Property investment
Annington Rentals Management Limited	United Kingdom	Real estate management

The registered office for all subsidiary undertakings is 1 James Street, London, W1U 1DR. Through the above subsidiaries, the Company indirectly holds investments in two further companies:

Name of subsidiary undertaking	Holding %	Name of subsidiary undertaking	Holding %
Beaumont Place Management Limited Registered address: Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN	70.00	The Elstons Residents Association Ltd Registered address: Unit 8 Minerva Business Park, Lynch Wood, Peterborough, England, PE2 6FT	81.00

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

8. RECEIVABLES

ACCOUNTING POLICY

Trade and other receivables are initially recognised at fair value when the Company 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.

Loan receivables

The Company recognises a lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the loan receivable has not increased significantly since initial recognition, the Company measures a loss allowance for that loan receivable at an amount equal to 12-month expected credit losses.

	2020 £'000	2019 £'000
Amounts falling due within one year		
Sundry receivables	-	2
Amounts due from group undertakings	325,986	296,660
Total receivables	325,986	296,662

Amounts due from group undertakings include £325.9 million (2019: £296.7 million) of loans that became due on 31 March 2020 (31 March 2019). On 1 April 2020, the borrowings were replaced by loans of the same value that are unsecured, with an interest rate to be agreed time-to-time between the parties (2019: 8.02%) and have no fixed repayment date.

The carrying value of receivables approximates the fair value. As at the reporting date, the expected credit loss allowance was nil (2019: nil).

9. CASH EQUIVALENTS AND RESTRICTED CASH

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 insignificant risk of changes in value.

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

	2020 £'000	2019 £'000
Cash at bank	2,159	-
Short-term deposits	10,812	46,561
	12,971	46,561

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

10. 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.

	2020 £'000	2019 £'000
Trade payables	87	75
Accruals	181	223
	268	298

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

11. 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 at fair value, 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.

	2020 £'000	2019 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	508,233	513,800
Total loans and borrowings	508,233	513,800

Amounts owed to group undertakings

Amounts due by the Company to group undertakings include £508.2 million (2019: £513.8 million) in loans which are unsecured, interest bearing at fixed rates of 4.035% (2019: 4.035%) and have no fixed date of repayment (2019: no fixed date).

12. SHARE CAPITAL

	2020 £	2019 £
Called up, allotted and fully paid		
1 ordinary share of 1p	0.01	0.01

13. RETAINED EARNINGS

Retained earnings include all current and prior year retained profits and losses. The components of this are:

	2020 £'000	2019 £'000
Non-distributable reserves	(52,144)	(53,475)
	(52,144)	(53,475)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

14. COMMITMENTS AND CONTINGENCIES

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.

The Company has no capital or other commitments at 31 March 2020 (2019: nil).

15. RELATED PARTY DISCLOSURE

The Company is a wholly owned subsidiary within the Annington Limited Group and is included in the consolidated financial statements of Annington Limited. The Company has taken advantage of the exemption provided by paragraph 8(k) of FRS 101 not to make disclosure of transactions with other wholly-owned entities that are part of the same group.

16. CONTROLLING PARTY

Annington Homes Limited, a company incorporated in the United Kingdom, is the immediate parent company. The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

Annington Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. The Annual Report and Financial Statements for Annington Limited are available on request from the registered office at 1 James Street, London, United Kingdom, W1U 1DR.