Company Registration No. 03818321

ANNINGTON RENTALS (HOLDINGS) LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2023

ANNINGTON RENTALS (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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STRATEGIC REPORT

INTRODUCTION

Annington Rentals (Holdings) Limited (the "Company" or "ARHL") is a wholly owned subsidiary of Annington Homes Limited ("AHL") and part of the Annington Limited Group ("the Annington Group"). Its principal activity is that of a holding company and is the parent to nine wholly owned subsidiaries (together referred to as the "ARHL Group"). Of these subsidiaries, seven own investment properties. These are held either to help generate comparison data which the Annington Limited 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 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.

GROUP OVERVIEW

The Company, through its subsidiary operations, owns a property portfolio of private rented sector accommodation, which, as at 31 March 2023, consisted of 1,369 (2022: 1,548) residential property units let on bulk or assured shorthold tenancies.

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 Limited, 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 2023, annual passing rent in respect of the ARHL Group was £18.9 million (2022: £19.4 million). At the same date, the Company's investment in subsidiary companies was £100.5 million (2022: £136.6 million). The Company holds its investment in subsidiaries at fair value and the decrease in the year is reflective of the market conditions at that date, with a 24% discount (2022: 4% premium) applied to underlying net asset values of its subsidiaries.

STRATEGIES

The primary strategy of the ARHL Group is to actively manage and strategically expand the private rented sector property portfolio. The effects of rising inflation and interest rates, the war in Ukraine, and as well as the continuing impacts of the UK's exit from the European Union and the COVID-19 pandemic have been considered and are not seen as material factors in the strategic plan. The key elements of the ARHL Group's strategy, aiming at maximising returns across all activities, are described below.

Actively managing tenancies

The ARHL Group intends to continue letting at market rates to the MoD or other third parties on the open market, and improving the its returns through proactively managing its tenancies and rental levels. Reviews of such properties are conducted regularly to identify where there may be a void occupancy in the short-term and to assess what rental level should be achieved on reletting. If it becomes uneconomic to retain such properties, potential options to maximise value will be considered, including refurbishment, redevelopment and disposal.

Undertake planning and development initiatives where appropriate

As and when opportunities arise within the Annington Limited Group, the ARHL Group will continue to undertake planning and development initiatives within, and provide planning and development skills to, the wider Annington Group.

STRATEGIC REPORT

BUSINESS REVIEW

The Company is a wholly owned subsidiary of Annington Homes Limited ("AHL"). Its principal activity is that of a holding company to nine subsidiaries that contribute towards the wider Annington Limited Group's Non-MQE portfolio, comprising properties not forming part of the Annington Group's Married Quarters Estate ("MQE"). The Company facilitates the financing, provided by AHL, to its subsidiary undertakings as needed.

The Company pays interest on its loan due to AHL and receives interest income on its loans advanced to subsidiaries. In addition to performing the treasury function for the ARHL Group, the Company maintains its own cash surplus to meet its financial and operating obligations.

The Company's investment in subsidiaries are fair valued annually, based on the underlying net asset values of its subsidiaries and market related discounts or premiums based on comparator companies. The company net asset values are highly dependent upon on the fair values of the investment properties held by the rental subsidiaries, which are revalued annually. This is considered as the key value driver for the Company.

During the year, the Company continued to maintain its loan with its parent company as well as its investments in, and loans to subsidiary companies. It has also continued to make and receive payments on these loans as described in the Financial Review, and has performed an annual revaluation of its investment in subsidiaries. No subsidiary dividends were received during the year (2022: none).

The UK Housing Market

The ONS reported that in March 2023, twelve-month rental inflation was 4.9% in the UK. By nation, England reported 4.6% growth and Wales 4.4% with Scotland reporting the highest growth at 5.1%. Regionally within England, the East Midlands had the highest annual percentage rise at 5.1%. Strong rental growth was evident across all regions in 2022, including London, and this has continued into 2023. The Association of Residential Letting Agents (ARLA) ascribes strong growth to continuing undersupply in the rental sector.

There has been no significant movement in the number of properties available to rent over this period and RICS reported a decrease in new landlord instructions, further reducing the properties available. A trend that looks set to persist as a number of factors are pushing landlords in the fragmented and predominantly non-professional UK rental market to leave. Amongst them, rising interest rates that have increased borrowing costs for buy-to-let mortgages, increased regulation, upcoming rental reform changes which are expected to remove the option of 'no fault' evictions, and the effect of unfavourable tax treatment of rental income.

Strong demand for homes in the private rental market is evident across almost the whole of the UK and is expected to persist as affordability factors make it harder for people to purchase a property. In March 2023, the RICS reported that all parts of the UK were expected to experience an increase in rents over the coming 12 months. These trends have been clearly seen in the Annington Group's market rent reviews conducted during the year – both for the proportion of the MQE subject to Rent Review in the year and for properties in the Non-MQE Rentals Portfolio – and provide a positive backdrop for potential rent inflation in the coming year.

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

For the Company, the Directors consider the value of investment in subsidiaries to be a key indicator of its performance as it represents the value derived from its subsidiary's activities during the year.

The fair value of investment in subsidiaries has decreased from £136.6 million in 2022 to £100.5 million in 2023. This is a result of the underlying property values decreasing in line with wider market trends impacting yields and discount rates applied to property and other long-term investments. At 31 March 2023, comparable companies were trading at a discount to net asset value of 24% compared to a premium of 4% at 31 March 2022.

FINANCIAL REVIEW

Income statement

Finance income relates mainly to interest earned on intercompany loans advanced to its subsidiaries. This decreased by £0.2 million from £11.4 million in 2022 to £11.2 million in 2023 as a result of a decline in the loans owed by its subsidiaries. These loans bear interest at a rate of 4.055% and have no fixed date of repayment.

Finance costs relate to interest on its loan due to AHL. The loan is interest bearing at 4.035% (2022: 4.035%) and has no fixed date of repayment. Interest charges have also declined slightly, which is consistent with the movement in the loan balance from £475.6 million in 2022 to £474.1 million in 2023.

Following an assessment of its loans to subsidiary companies, the Company recognised an impairment charge of £17.8 million against one of its loans receivable (2022: £nil). The impairment reflects a revision in the estimated cashflows the subsidiary is expecting to realise under a number of probability weighted repayment scenarios.

Investment in subsidiaries

During the year, the Company recognised a fair value loss on investment of subsidiary companies of £36.1 million (2022: gain of £34.5 million) bringing the investment in subsidiary companies balance at 31 March 2023 to £100.5 million (2022: £136.6 million). This loss was recognised in other comprehensive income.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is the parent to the rental subsidiaries making up the ARHL Group. Reference below to the ARHL Group (the "Group") therefore also describe the Company's 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, condition and location of released properties, consumer confidence including changes due to cost of living increases, applicable interest rates, underlying inflation and the lingering impacts of Brexit and COVID-19. On 24 February 2022, Russian military forces launched a military action against Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices, financial markets, supply chain interruptions, changes in consumer or purchaser preferences as well as increase in cyberattacks, any or all of which could adversely affect the Group's business, results of operations and financial condition. Inflation may adversely affect the Group's business by increasing the cost of the raw materials and labour the Group uses in refurbishing properties. Current or future efforts by the UK Government (the 'Government') to stimulate the economy may increase the risk of significant inflation and its adverse impact on the Group's business, results of operations and financial condition. 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. Similarly, the Group's financial stability depends, in part, on the strength of the rental market, particularly when the housing market is weak and the Group experiences difficulty in disposing of properties. A weak rental market could also have an adverse effect on the Group's revenue generated by its private rental sector property portfolio. While the Rentals 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 in assured shorthold tenancies declines in locations where the Group has acquired properties for the purposes of its Rentals Portfolio, or if the MoD or the corporate organisations, including housing associations and local authorities, to which the Group may bulk lease properties forming part of the Rentals Portfolio, shift away from rentals. While to date the Group has not experienced a material adverse effect to its business as a result of Brexit or the COVID-19 pandemic, given the uncertainty introduced by both these factors and the impact on the economy generally, it is possible that any sustained negative impact on the economy could negatively affect the Group's property values and rental income could be negatively impacted.

Area of potential uncertainty	**The UK housing market and rental market may be significantly affected by changes in general and local economic conditions**
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. 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 through entering into other bulk arrangements where long-term leases are negotiated.

Area of potential uncertainty	**Property valuation is inherently subjective and uncertain.**
Description of risk	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 year to year. As a result, valuations are subject to a degree of uncertainty. Valuers other than those engaged by the Group may reach different valuations of the Group's properties. 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.

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 our 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, though the use of industry-leading cloud service providers for critical information systems, external cloud back up for all critical systems, the use of a Managed Detection and Response ('MDR') service (via a third party using a 24/7 off-site cyber security operations centre), encryption of data in transit and at rest, restriction on access to the Group's network to devices issued and managed by the Group and with centralised control over software and updates. The Group makes regular back ups of production servers (on-site and off-site) and undertakes annual cyber security reviews and penetration testing.

Area of potential uncertainty	**The Group's business is subject to complex new and evolving legislation and regulations, including rules governing the ownership, leasing or occupation of land, climate change risk and the use of hazardous materials that carry potential environmental risks and liabilities.**
Description of risk	The Group is subject to laws and regulations concerning, among other things, planning, building development, land use, sales, the provision of mortgage financing, fire, health and safety, the environment and employment. 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. The Group expects that increasingly stringent requirements will be imposed on property owners and property developers in the future (including more stringent environmental or climate change based regulations). Although the effect of these requirements cannot be predicted, compliance with them could cause delays, including in the sale of Released Units, and increase the Group's costs, which could have a material adverse effect on its 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. Acknowledging the risk posed by climate change the Group has commissioned a carbon foot-printing exercise, the results of which will inform future mitigation strategies.

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. A review of key contracts is being undertaken to ensure robust contractual obligations are in place.

Area of potential uncertainty	**Risks arising from the Group's financing structure.**
Description of risk	The Group, through its holding company, ultimately relies on primary forms of financing consisting of bank facilities (i.e. term loan and revolving credit facility from major banks) and public bond issuance. 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. The failure of the Annington Group to manage refinancing requirements may result in a shortage of funds to repay facilities as they fall due. A source of financing could become unavailable, for example, if a reduction in its credit rating makes the cost of accessing the public and private debt markets prohibitive. Any failure by lenders to fulfil their obligations to the Annington Group as well or the inability to access new funding in the longer-term may impact its cash flow and liquidity, which could have a material adverse effect on its business, results of operations, financial condition and prospects. The terms of the Annington Group's bonds and loan facilities include financial covenants such as Loan to Value ('LTV') and Interest Coverage Ratio ('ICR') covenants. Unexpected changes in financial performance or asset values could potentially lead to the possibility of a breach of these covenants.
Mitigating Strategies	The diversity in the tenor of the Annington Group's financing helps to protect it from liquidity risk. The Annington Group constantly monitors the financing markets for financing and refinancing opportunities and maintains relationships with a large number of lenders. The Annington Group currently benefits from significant headroom in its covenants. It has processes and procedures in place to forecast and monitor covenant compliance which means that any risk in this area is highly unlikely to materialise.

ANNINGTON RENTALS (HOLDINGS) LIMITED

STRATEGIC REPORT

OUTLOOK AND GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Introduction, Group overview, Financial review and in this section. References within this section to the Group refer to the wider Annington Limited Group and also describe the Company's outlook and going concern assessment.

The Group, through Annington Funding plc, has issued £3.8 billion of unsecured corporate bonds in eight tranches. The Group has a further fully drawn £400 million term loan and an undrawn revolving credit facility of £100 million, both expiring in 2028.

The Group meets its day-to-day working capital requirements from both rental income and property sales. Forecast revenue increases are highly predictable and reflect the recent high levels of residential rental growth seen across the UK. 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.

Following a successful liability management exercise in August 2022 Annington has c. £152.0 million of EUR bonds expiring July 2024. As at March 2023, the Group held £186.7 million of cash at bank. The Group does not plan to make a distribution from this balance, with cash instead being held to repay the remaining circa £152 million of 2024 bonds and to fund the working capital requirements of the Group. Annington continues to generate cash through the sale of released properties and other non-core assets. The debt has a number of covenants to comply with under both the bonds and loan facility. The covenants attaching to the debt are set out in the Financial Review section within the Annington Limited Annual Report and Financial Statements for the year ended 31 March 2023. 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 repurchasing debt, reinvestment or potential dividends to shareholders. 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. The Board has taken into account the effects of current market conditions, including rising inflation and interest rates, a depressed UK residential sales market and the war in Ukraine. Possible downside effects considered included falling house prices, falling rental values and 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.

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

I Rylatt
Director
31 July 2023

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 2023.

DIRECTORS

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

Stephen Leung
Ian Rylatt
David Tudor-Morgan (Appointed 2 May 2023)

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 (2022: nil).

FINANCIAL RISK MANAGEMENT

The Company is funded by its immediate parent, Annington Homes Limited. This loan is interest bearing at 4.035% (2022: 4.035%) and has no fixed date of repayment. The Company invests these funds into its subsidiary companies in the form of loans bearing interest at a rate of 4.055%, which includes a small margin. Please refer to the Group funding strategy and associated risks in the Outlook and Going Concern section and Principal Risks and Uncertainties section in the Strategic Report.

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 annual report and the financial statements.

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

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

I Rylatt
Director
31 July 2023

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

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 MEMBER 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 2023 and of its loss 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 15.

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 (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 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.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company's industry and its control environment, and reviewed the company's documentation of their 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 company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company 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, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

The valuation of investments is an area of sensitivity. We identified this as a potential fraud risk as the estimated premium / discount to the net asset value ('NAV') of the relevant subsidiaries is subject to assumptions and estimates. We challenged the market comparators selected by management and agreed the relevant share price and NAV to public exchanges.

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.

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

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 and 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.

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 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.

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.

DocuSigned by:
HWildman
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Helen Wildman ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 July 2023

INCOME STATEMENT
For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Administrative expenses		**(2,871)**	(2,886)
Impairment of intercompany loans	8	**(17,812)**	-
Operating loss	3	**(20,683)**	(2,886)
Finance income	5	**11,215**	11,428
Finance costs	5	**(18,590)**	(18,927)
Loss before taxation		**(28,058)**	(10,385)
Taxation	6	**-**	-
Loss for the year after taxation		**(28,058)**	(10,385)
Loss attributable to shareholder		**(28,058)**	(10,385)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Loss for the year		**(28,058)**	(10,385)
Items that may not subsequently be recycled through the income statement			
Change in fair value of investment in subsidiary companies	7	**(36,130)**	34,470
Total other comprehensive (loss)/income		**(36,130)**	34,470
Total comprehensive (loss)/income for the year		**(64,188)**	24,085
Total comprehensive (loss)/income attributable to shareholder		**(64,188)**	24,085

The accompanying Notes (1 to 15) should be read in conjunction with these financial statements.

BALANCE SHEET
At 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Investment in subsidiary companies	7	**100,500**	136,630
Receivables	8	**110,805**	-
		211,305	136,630
Current assets			
Receivables	8	**106,592**	275,750
Cash and cash equivalents	9	**57,085**	24,590
		163,677	300,340
Total assets		**374,982**	436,970
Current liabilities			
Trade and other payables	10	**(16,305)**	(12,695)
Loans and borrowings	11	**(474,148)**	(475,558)
		(490,453)	(488,253)
Net current liabilities		**(326,776)**	(187,913)
Total liabilities		**(490,453)**	(488,253)
Net liabilities		**(115,471)**	(51,283)
Capital and reserves			
Share capital	12	**-**	-
Revaluation reserve		**(16,900)**	19,230
Retained Earnings		**(98,571)**	(70,513)
Total deficit		**(115,471)**	(51,283)

The accompanying Notes (1 to 15) 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 31 July 2023.

Signed on behalf of the Board of Directors

S Leung
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total deficit £'000
At 1 April 2021	-	(15,240)	(60,128)	(75,368)
Loss attributable to shareholder	-	-	(10,385)	(10,385)
Total other comprehensive income for the year	-	34,470	-	34,470
Balance at 31 March 2022	-	19,230	(70,513)	(51,283)
Loss attributable to shareholder	-	-	**(28,058)**	**(28,058)**
Total other comprehensive loss for the year	-	**(36,130)**	-	**(36,130)**
Balance at 31 March 2023	-	**(16,900)**	**(98,571)**	**(115,471)**

The accompanying Notes (1 to 15) should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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 Company's principal activities are set out in the strategic report on page 2. 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 15.

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 UK-adopted International Financial Reporting Standards;
- 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

The Group, through Annington Funding plc, has issued £3.8 billion of unsecured corporate bonds in eight tranches. The Group has a further fully drawn £400 million term loan and an undrawn revolving credit facility of £100 million, both expiring in 2028.

The Group meets its day-to-day working capital requirements from both rental income and property sales. Forecast revenue increases are highly predictable and reflect the recent high levels of residential rental growth seen across the UK. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Following a successful liability management exercise in August 2022 Annington has c. £152.0 million of EUR bonds expiring July 2024. As at March 2023, the Group held £186.7 million of cash at bank. The Group does not plan to make a distribution from this balance, with cash instead being held to repay the remaining circa £152 million of 2024 bonds and to fund the working capital requirements of the Group. Annington continues to generate cash through the sale of released properties and other non-core assets. The debt has a number of covenants to comply with under both the bonds and loan facility. The covenants attaching to the debt are set out in the Financial Review section within the Annington Limited Annual Report and Financial Statements for the year ended 31 March 2023. 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 repurchasing debt, reinvestment or potential dividends to shareholders. 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. The Board has taken into account the effects of current market conditions, including rising inflation and interest rates, a depressed UK residential sales market and the war in Ukraine. Possible downside effects considered included falling house prices, falling rental values and 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.

New Standards, interpretations and amendments effective from 1 April 2022

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2022, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

In the calculation of the fair value of investment 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 investment in subsidiary companies is disclosed in Note 7.

Management has determined that no critical accounting judgements exist within the above sources of estimation uncertainty.

3. OPERATING LOSS

The auditors' remuneration was £32,750 (2022: £30,100) for the audit of the Company's annual financial statements. This was borne by another group company in the 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 (2022: none). The cost of performing work for the Company is borne by another group company, Annington Management Limited, in the current and preceding year.

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.

	2023 £'000	2022 £'000
Finance income		
Bank interest receivable	**354**	7
Interest receivable on intercompany balances	**10,861**	11,421
Total finance income	**11,215**	11,428
Finance costs		
Interest payable on intercompany balances	**18,590**	18,927

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023 (continued)

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 investment 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.

	2023 £'000	2022 £'000
Current tax		
United Kingdom corporation tax at 19% (2022: 19%)	-	-
Deferred tax		
Deferred taxation: origination and reversal of temporary differences	-	-
Total taxation for the year	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023 (continued)

6. TAXATION (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2022: 19%). The tax for the current and the prior year differ from the standard tax rate for the reasons set out in the following reconciliation:

	2023 £'000	2022 £'000
Loss before taxation	**(28,058)**	(10,385)
Tax credit at the standard rate	**5,331**	1,973
Factors affecting the current tax for the year:		
Expenses not deductible for tax purposes	**(4,620)**	(1,259)
Income not assessable for tax purposes	**616**	609
Group relief surrendered	**(1,327)**	(1,323)
Total taxation for the year	**-**	-

The rate of Corporation Tax for the UK remains at 19% for the year ended 31 March 2023. The UK Corporation Tax Rate will be 25% with effect from April 2023. The March 2023 calculation of current and deferred tax use the 19% and 25% rate respectively.

Deferred tax

No deferred tax liabilities are recognised on temporary differences associated with investment 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 £25.1 million (2022: £25.5 million).

7. INVESTMENT IN SUBSIDIARY COMPANIES

ACCOUNTING POLICY

The Company has elected to account for its investment 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.

	2023 £'000	2022 £'000
Valuation		
At 1 April	**136,630**	102,160
Change in fair value of investments through OCI	**(36,130)**	34,470
At 31 March	**100,500**	136,630

The historical cost of the investment in subsidiaries was £120,000,008 (2022: £120,000,008).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023 (continued)

7. 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 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 24% discount (2022: 4% premium), 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 by £1.3m or increased by £1.3 million, respectively (2022: premium increased/decreased by 1%, the fair value would have increased by £1.3 million and decreased by £1.3 million, respectively).

A loss on the fair value movement of £36.1 million (2022: gain of £34.5 million) was recognised through other comprehensive income.

The Company's subsidiary undertakings at 31 March 2023, 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 development
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 one further company:

Name of subsidiary undertaking	Holding
St Andrew's Park Triangle (Uxbridge) Management Company Limited	100%

St Andrew's Park Triangle (Uxbridge) Management Company Limited is a company limited by guarantee and has no share capital.

8. RECEIVABLES

ACCOUNTING POLICY

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.

	2023 £'000	2022 £'000
Amounts falling due within one year		
Accrued income	-	1
Amounts due from group undertakings	106,592	275,749
	106,592	275,750
Amounts falling due after one year		
Amounts due from group undertakings	**110,805**	-
Total Receivables	**217,397**	275,750

Amounts due from group undertakings are unsecured, interest bearing at 4.055% (2022: 4.055%) and have no fixed repayment date (2022: no fixed date).

The carrying value of receivables approximates the fair value. An impairment of £17.8 million was recorded for the year ended 31 March 2023 (2022: £nil). As at the reporting date, this reflects the expected credit loss on loans receivable (2022: nil).

9. 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 insignificant risk of changes in value.

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

	2023 £'000	2022 £'000
Cash at bank	**2,982**	2,565
Short-term deposits	-	22,025
Short-term investments	**54,103**	-
	57,085	24,590

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023 (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.

	2023 £'000	2022 £'000
Trade payables	-	27
Amounts owed to group undertakings	15,975	12,483
Accruals	330	185
	16,305	12,695

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.

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	**474,148**	475,558
Total loans and borrowings	**474,148**	475,558

Amounts owed to group undertakings

Amounts due by the Company to group undertakings comprises £474.1 million (2022: £475.6 million) in loans which are unsecured, interest bearing at fixed rates of 4.035% (2022: 4.035%) and have no fixed date of repayment.

12. SHARE CAPITAL

	2023 £	2022 £
Called up, allotted and fully paid		
1 ordinary share of 1p	**0.01**	0.01

13. COMMITMENTS

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 2023 (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023 (continued)

14. 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.

15. 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.