THE
GOOD
ECONOMY

LEGAL & GENERAL AFFORDABLE HOMES DIVISION
SOCIAL IMPACT REPORT 2025

JULY 2026

Legal & General Affordable Homes Division ("the business") has separate operational, development and property entities. Typically, the development arms of the business enter forward sales agreements for the sale and transfer of assets upon completion. The property entity purchases completed assets from the development companies under the forward sales agreements whilst the operating company provides all operational, financing, development and asset management services.

This report relates to the following entities:

- Legal & General Affordable Homes (Operations) Limited
- Legal & General Affordable Homes (Development) Limited
- Legal & General Affordable Homes (Development 2) Limited
- Legal & General Affordable Homes (Development 3) Limited
- Legal & General Affordable Homes (Capital) Limited
- Legal & General Affordable Homes Limited
- Legal & General Affordable Homes (AR) LLP
- Legal & General Affordable Homes (Investment 1) Limited
- Legal & General Affordable Homes (Investment 2) Limited
- Legal & General Affordable Homes (Investment 3) Limited

This report was commissioned by Legal & General Affordable Homes Division ("the business") and has been prepared by The Good Economy Partnership Limited (The Good Economy, or TGE), a leading independent impact advisory firm.

CONTENTS

1 EXECUTIVE SUMMARY 5
2 OVERVIEW AND IMPACT THESIS 10
3 IMPACT MANAGEMENT APPROACH 12
4 PERFORMANCE AGAINST SOCIAL IMPACT PRIORITIES 16
Social impact priority 1: Equity and Affordability 16
Social impact priority 2: Health and Wellbeing 26
Social impact priority 3: Just Transition 33
Social impact priority 4: Partnerships 36
Social impact priority 5: Responsible Procurement 39
5 IMPACT RISK 41
6 CONCLUSION 43
7 APPENDIX 44
Appendix 1 – Methodology 44
Appendix 2 – The Sustainability Reporting Standard for Social Housing (SRS) 45
Appendix 3 – Tenant Satisfaction Measures (Full Results) 52

1 / EXECUTIVE SUMMARY

Legal & General Affordable Homes ("the business"), a subsidiary of Legal & General Asset Management, invests in, develops and operates affordable housing to help tackle England's housing crisis.

This is the business's fifth annual impact report. It has been produced by The Good Economy (TGE), an impact advisory firm specialising in impact measurement and management.

The report provides an independent assessment of Legal & General Affordable Homes Division's impact performance. It covers all homes held within the portfolio from January to December 2025.

As of 31 December 2025.

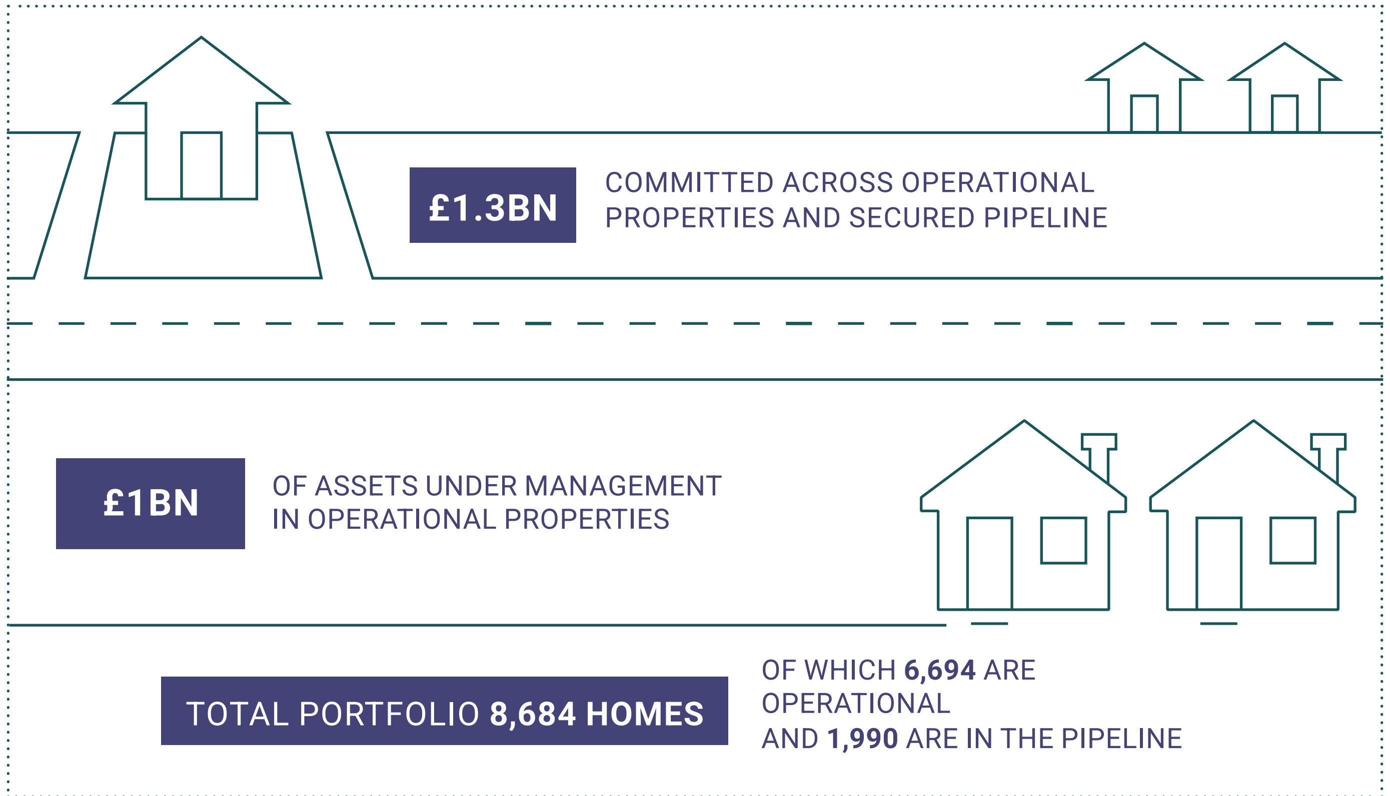
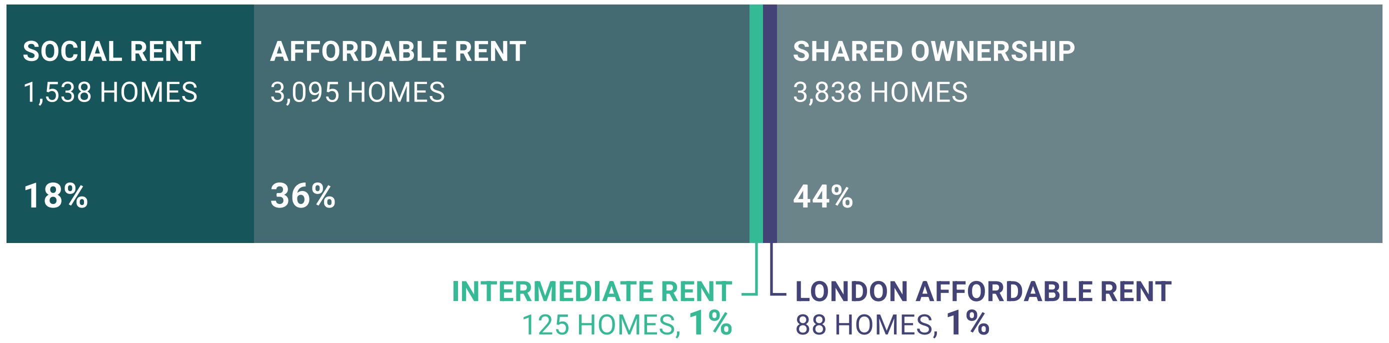


Figure 1: Portfolio homes by tenure type



SOCIAL IMPACT PERFORMANCE

We assessed Legal & General Affordable Homes Division's performance against its Social Impact Priorities, which are the specific and measurable areas that the business seeks to deliver to achieve its impact goal. We also considered its contribution to target outcomes, i.e. the positive differences the business wants to contribute to for people, places and the planet.

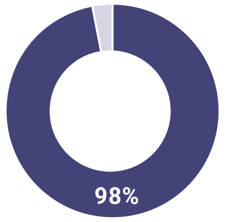
CORE SOCIAL IMPACT PRIORITY

1. Equity and Affordability

The business continued to increase the supply of affordable homes in 2025, while maintaining strong affordability and occupancy. Portfolio growth was supported by an expanding pipeline and evolving acquisition and partnership approach, although affordability pressures persisted for some shared owners in higher-cost areas.

6,694 OPERATIONAL HOMES (18% INCREASE FROM 2024)

64% AVERAGE RENT COMPARED WITH LOCAL OPEN MARKET RENT[1]



98% OF OPERATIONAL HOMES ARE OCCUPIED, INDICATING STRONG DEMAND[2]

Target Outcome: Greater resident financial wellbeing

The housing offer supports financial wellbeing through lower rents and increased stability. TGE is undertaking further research to better understand these impacts. Initial analysis suggests that most residents are likely to be financially better off than if they were renting comparable homes in the private market.

1. Based on open market data provided to TGE by Legal & General Affordable Homes Division.
2. Occupancy rates calculated for homes completed six months prior to end of 2025, to account for the initial ramp-up phase.

SECONDARY SOCIAL IMPACT PRIORITIES

2. Health and Wellbeing

The business continues to provide generally good-quality homes and positive resident experiences. Performance remains strong across home quality and overall satisfaction, although repairs, complaint handling, and communication remain areas for improvement.

61% OF HOMES MEET OR EXCEED NATIONALLY DESCRIBED SPACE STANDARDS (NDSS)[3]

70% OF SURVEYED RESIDENTS ARE OVERALL SATISFIED WITH THEIR LANDLORD SERVICES[4]

NET PROMOTER SCORE (NPS) OF **+59** FOR OVERALL RESIDENT EXPERIENCE FOLLOWING MOVE-IN[5]

Target Outcome: Greater resident physical and mental wellbeing

Good-quality, secure homes and effective landlord services can support residents' physical and mental wellbeing by providing stability, safety and comfort. However, inconsistencies in repairs, complaint handling and communication can undermine these benefits, highlighting the need for a more consistent resident experience.

3. Just Transition

The business continues to deliver energy-efficient homes and has made progress in strengthening its approach to sustainability, including improvements in emissions reporting and the development of a net zero roadmap.

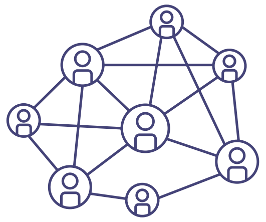
Target Outcome: Reduced GHG emissions

Emissions should be considered in the context of portfolio growth. Good progress has been made in improving data coverage and reporting. As the business approach matures, it will focus on translating this into clear emission reduction pathways.

3. MHCLG, 2015. Technical housing standards – nationally described space standard. The business applies its Space Standards Practice Note to allocate appropriately sized households where homes fall short of National Space Standards, avoiding overcrowding. Research by Özer and Jacoby found that, across a sample of 9,876 newly built affordable homes completed in 2021, 43% met the Nationally Described Space Standard, with compliance substantially higher for flats than houses and higher in London than in other regions. While it is not a mandatory standard, NDSS has been linked to higher overall wellbeing outcomes. The business should therefore continue to maximise the proportion of homes meeting or exceeding the standard where feasible.
4. Across renters and shared owners. 72.9% renters are overall satisfied (the sector average is 71.8%) and 65.2% shared owners are overall satisfied (the sector average is 47.9%).
5. An NPS over 50 is viewed as good. It should be noted that NPS scores tend to be positively skewed straight after initial occupancy. The NPS data should therefore be considered alongside ongoing survey data, to understand the overall landscape of tenant satisfaction.
6. In January to March 2025, 86% new homes in England and Wales were given an EPC rating of A or B. MHCLG, 2025. Energy Performance of Buildings Certificates Statistical Release: January to March 2025 England and Wales.

4. Partnerships

The business continues to work with a consolidated group of high-quality Management Providers.



100% OF MANAGEMENT PROVIDERS HAVE AN RSH RATING OF G1/V2 OR ABOVE[7]

Target Outcome: A stronger affordable housing sector

The business is increasingly positioned as a long-term partner to the sector, including through emerging partnership models with traditional housing associations. There remains an opportunity to further demonstrate leadership, particularly in areas such as shared ownership support and service standards.

5. Responsible Procurement

Responsible procurement remains an area of relatively low maturity. However, given its increasing scale, the business has the potential to drive increased social value through its development and operational supply chains.

CONCLUSIONS

In 2025, Legal & General Affordable Homes Division continued to deliver strongly against its social impact priorities, with a growing portfolio and clear evidence of impact across both delivery and resident outcomes. While the pace of completions slowed in line with wider market conditions, the business has strengthened its pipeline and continued to play an important role in unlocking affordable housing schemes.

There are also clear areas of progress this year, particularly in increasing the proportion of social rent homes and strengthening its resident offer. As the business continues to scale, maintaining consistency in service delivery and deepening its approach to affordability to include service charges and sustainability will be key to sustaining impact.

7. And C2, where rated.

STRENGTHS

- **Strong additionality and delivery model**
  The business continues to play an important role in delivering new affordable homes, including using its scale and flexibility to progress developments that may otherwise stall.
- **Increased focus on social rent**
  A significant shift towards social rent (from 10% to 18% of the portfolio) strengthens impact by targeting lower-income households and areas of greatest need.
- **Strong resident offer and satisfaction**
  Resident satisfaction remains broadly strong (70% overall satisfaction in the Tenant Satisfaction Measure survey), supported by good housing quality and a more proactive engagement approach, including new governance structures that strengthen feedback loops.
- **Leading approach to affordability**
  Resident housing costs continue to offer good overall affordability relative to local incomes, benefit levels, and comparable costs in the local open market.
- **More holistic approach to resident outcomes**
  Initiatives such as Neighbourhood and Harbour,[8] alongside targeted in-scheme interventions, demonstrate an increasingly proactive approach to supporting resident wellbeing and affordability.
- **Commitment to strengthening the wider sector through innovative partnership models**
  The emerging partnership approach has the potential to support sector recapitalisation and accelerate positive outcomes for residents. The business's commitment to learning and sharing with the sector also demonstrates how it can use its scale and experience to contribute beyond its own portfolio.

RECOMMENDATIONS

- **Manage total affordability (beyond rent)**
  While rents remain affordable, rising service charges continue to affect overall affordability in some parts of the portfolio, particularly multifamily schemes. The business should continue to strengthen its approach to total housing costs, including improved monitoring and communication, and greater engagement with developers, property managers, and freeholders.
- **Ensure acquisitions and partnerships deliver impact**
  As acquisitions increase and the business's partnership strategy evolves, there is a risk of diluting additionality. While we recognise nationwide challenges around building new affordable homes at scale, the business should continue to refine its acquisitions approach, prioritising opportunities that deliver clear social and environmental outcomes, including leveraging new supply where possible. In developing Partnership RP models, it should seek to work with values-aligned housing associations, embed clear joint impact strategies while managing risk fairly and effectively, and maximise opportunities that are most likely to support additionality.
- **Strengthen service consistency**
  Challenges remain in communication, complaint handling, and clarity of responsibility across the operating model. The business should improve coordination across partners, ensuring more consistent service delivery.
- **Embed a Just Transition strategy**
  The business could strengthen its Just Transition strategy by aligning more closely with sector best practice. This would involve moving beyond a primary focus on balancing sustainability with increasing housing supply, towards a more holistic approach that ensures developments actively empower existing communities and generate high-quality green jobs and skills opportunities for local people.
- **Embed responsible procurement**
  Responsible procurement remains underdeveloped. While L&G has an overarching procurement strategy that the business adopts, it would benefit from establishing a clear strategy that maximises its levers in managing its homes, with defined standards and expectations across development and operations.
- **Improve shared ownership communications around staircasing**
  Complexity around shared ownership staircasing continues to create confusion and limit progression to full ownership. The business should enhance communication and support for shared owners, with clearer guidance.

8. See page 28 for more details on these initiatives.

2 / OVERVIEW AND IMPACT THESIS

ABOUT LEGAL & GENERAL AFFORDABLE HOMES DIVISION ("THE BUSINESS")

Launched in 2018, the business is a part of Legal & General (L&G), a UK-based financial services group and global investor offering investment management, pensions, life insurance, and retirement solutions. It forms a key part of L&G's commitment to responsible investment by directing capital towards the delivery of affordable homes in areas with limited investment and high social need. The business operates 7 for-profit Registered Providers (RPs) that make long-term investments in the UK affordable housing sector to help address the country's housing shortage.

In 2024, L&G launched its Affordable Housing Fund ("the Fund"), marking an evolution in its model to attract third-party capital and support continued growth in its investment pipeline. A separate Impact Report has been produced for the Fund.

The business focuses on increasing the supply of social and affordable rented and shared ownership homes through three delivery pathways:

1. Investing in or acquiring **developer-led** schemes (primarily Section 106).
2. Delivering **land-led** developments made to its own specifications.
3. **Acquiring existing** homes or portfolios from other providers.

The business is funded by a combination of capital from L&G, Local Government Pension Schemes, and other investors. Following the launch of the Fund and associated fundraising activity, the business has increased its available capital to support future delivery. It has £1.02 billion assets under management as of 31 December 2025.

IMPACT THESIS

THE PROBLEM	**Chronic shortage of affordable homes:** – Over the past 10 years, the UK has delivered an average of 50,000 affordable homes per annum compared with a need for approximately 145,000 new affordable homes per year, including 90,000 social rent homes.[9] – There are 1.34 million households on local authority waiting lists – the highest since 2014.[10] – Up to eight million people in England have some form of housing need, with one in ten households in need of housing stuck on council waiting lists for over five years.[11] – The house price-to-earnings ratio has almost doubled in 25 years. 39% of 25- to 34-year-olds in 2022-2023 were homeowners, down from 55% in 1997.[12]
INVESTABLE SOLUTION	**Private sector investment in affordable housing:** – Given ongoing pressures in the housing market and constraints on funding available to RPs, private investment is expected to play an increasingly important role in supporting housing delivery.[13] – L&G has substantial capital reserves and seeks low-risk, sustainable returns for the pension and annuity funds managed by both the Group and its clients, making it well positioned to enable investment in affordable housing. – Through the business, L&G is building and managing affordable homes for the long term. It is also leveraging these investments to champion high standards, ensuring the delivery of affordable, high-quality, and sustainable homes and communities.
IMPACT INTENT	**The business aims to maximise impact in the affordable housing market by:** – Increasing the supply, quality, and choice of affordable homes. – Contributing to the equity, affordability and sustainability of local places. – Supporting the health and wellbeing of residents and wider communities.

THIS REPORT

The report is based on TGE's independent assessment of Legal & General Affordable Homes Division's performance against its stated Social Impact Framework (SIF), which outlines its social impact priorities and measurement and management plan.

This report has been prepared following guidance provided by Impact Frontiers' Impact Performance Reporting Norms.

The findings in this report are based on a mix of quantitative and qualitative data. A full breakdown of research methodologies, data sources and associated evidence risk that inform the report are outlined in Appendix 1.

In addition to alignment with the business's Social Impact Toolkit, this report incorporates the requirements of the Sustainability Reporting Standard for Housing (SRS) – a sector-standard approach to ESG reporting for the social housing sector (see Appendix 2).

Statement of Independence

TGE is an independent advisory firm specialising in impact measurement and management.

TGE has a robust process in place to preserve our integrity and independence, as outlined in our Code of Practice. Before commencing with Legal & General Affordable Homes Division, we examined our suitability to take on the role of an independent review of impact performance and confirmed that there was no conflict of interest.

We have served as a social impact advisor to the business since 2021. In this role, we supported it to design its impact measurement and management system (IMM), which is reviewed annually. We are not involved in investment decision-making and have no role in the management of L&G. We therefore feel this does not represent a threat to our independence and are able to take an objective opinion on impact performance.

9. UK Parliament, 2024. Affordable housing in England.
10. As of 31 March 2025. This is a 1% increase over the year before. MHCLG, 2025. Social housing lettings in England, tenants: April 2024 to March 2025.
11. National Housing Federation, 2021. People in housing need.
12. ONS, 2024. Housing affordability in England and Wales: 2024. UK Parliament, 2024. Homeownership for young adults has recovered to its 2010 level.
13. House of Commons, 2024. The Finances and Sustainability of the Social Housing Sector.

3 / IMPACT MANAGEMENT APPROACH

Legal & General Affordable Homes Division's Impact Goal is to increase the provision of high-quality affordable housing and contribute to improved service standards across the sector.

THEORY OF CHANGE

The business's Theory of Change outlines how it delivers its social impact priorities and contributes to positive outcomes. These priorities define the key areas where it can drive impact, guide decision-making, and provide a framework for assessing performance.

Figure 2: Legal & General Affordable Homes Division's Theory of Change

THE CASE FOR INVESTMENT	SOCIAL PRIORITIES	INPUTS	OUTPUTS	OUTCOMES	LONG TERM OUTCOMES
Chronic Affordable Housing Shortage Cost of Living Crisis	Contributing to the equity and affordability of local places Supporting the health and wellbeing of people influenced by places and buildings Responsible sourcing of supplies and services that is ethical, local and inclusive Supporting industry partnerships and thought leadership Enhancing and preserving the local environment and supporting a just transition to net zero	Funding high quality, affordable homes through S106 or land-led delivery Provide affordability support services Mechanisms for responsible procurement (including housing managers and suppliers) Mechanisms for industry partnerships and thought leadership All homes to support climate mitigation Acquire tenanted stock Establish Partnership RPs	High quality, affordable homes Excellent customer service Spend with priority suppliers Partners engaged, joint ventures and Partnership RPs established, and thought leadership activity delivered Lifetime carbon emissions managed	Greater resident financial wellbeing Greater resident mental and physical wellbeing Priority suppliers reflect best practice Achievements of industry partnerships and thought leadership Avoided GHG emissions	Improved access to affordability of housing for local people Improved resident health, wellbeing and quality of life Sector and supply chain alignment with best practice Just transition

Figure 3: Legal & General's Place-Based Social Impact Toolkit

INCLUSIVE ECONOMY		HEALTH, WELLBEING AND QUALITY OF LIFE		CLIMATE AND NATURE	
Jobs and skills Ethical, local and inclusive employment, skills and educational opportunities	Ethical Local Inclusive	**Physical and mental health** Supporting the health and wellbeing of people and communities influenced by places and buildings	Physical health Mental wellbeing Health places and buildings	**Just transition** Enhancing and preserving the local environment and supporting a just transition to Net Zero	Climate mitigation Climate resilience Local environmental quality
Responsible Procurement Responsible sourcing of supplies and services that is ethical, local and inclusive	Ethical Local Inclusive	**Quality of life** Supporting the social health, quality of life, vibrancy and safety of communities	Services and amenities Culture and heritage Safety and security	**Access of nature** Supporting local access to and regeneration of nature and biodiversity	Biodiversity Blue-green infrastructure
Equity and affordability Contributing to the affordability and equity of local places	Affordability Digital inclusion Resilient local economies	**Community and partnerships** Supporting active community engagement and partnerships with local organisations	Civic pride and cohesion Participation and outreach	**Connected places** Supporting sustainable and active transport and infrastructure	Walkability and permeability Low carbon travel

The business has one core social impact priority and four secondary priorities:

CORE SOCIAL IMPACT PRIORITY

Equity and Affordability
Contributing to the equity and affordability of local places

SECONDARY SOCIAL IMPACT PRIORITIES

Health and Wellbeing
Supporting the health and wellbeing of residents

Just Transition
Supporting a transition to net zero while enhancing the local environment

Partnerships
Building effective partnerships and contributing to sector development

Responsible Procurement
Promoting ethical, local and inclusive supply chains

IMPACT MANAGEMENT

Impact Process: TGE has worked with the business to ensure that impact is considered at every stage of the investment cycle and is a key part of the investment strategy.

Embedding impact considerations into core processes ensures that impact management is used as a tool to drive learning and improved impact, rather than just a technical task around tools, metrics and reporting.

Figure 4: Legal & General Affordable Homes Division's Impact Management Approach

SCHEME SELECTION	SCHEME DESIGN	DUE DILIGENCE	DEVELOPMENT PHASE	ONGOING PROPERTY MANAGEMENT AND CUSTOMER SUPPORT	ANNUAL IMPACT ASSESSMENT
Schemes selected based on opportunity pipeline and with application of minimum impact criteria. Scheme selection is also subject to performance against the Investment Quality Criteria.	The model enshrines key impact requirements at the design phase: – The homes must be new-builds – The homes must be 100% affordable.	Due diligence to assess local demand, quality of homes, affordability in local market context and strength of local delivery partners.	Review of design specification and build contracts to ensure homes are built to maximise customer wellbeing and contribute to reduced energy usage.	Ongoing monitoring of quality of service delivered by management partners, including provision of customer support services.	Report produced by TGE annually providing assessment of the business's performance against stated impact objectives and target outcomes, also used to report performance against ESG and sustainability criteria.

In addition to new-build homes, the business also intends to purchase existing stock which meets its required quality standards. This further releases capital into the sector.[14]

Impact Standards

TGE's impact reports for the business align with industry best practice including the Impact Reporting Norms.

ESG risk management process

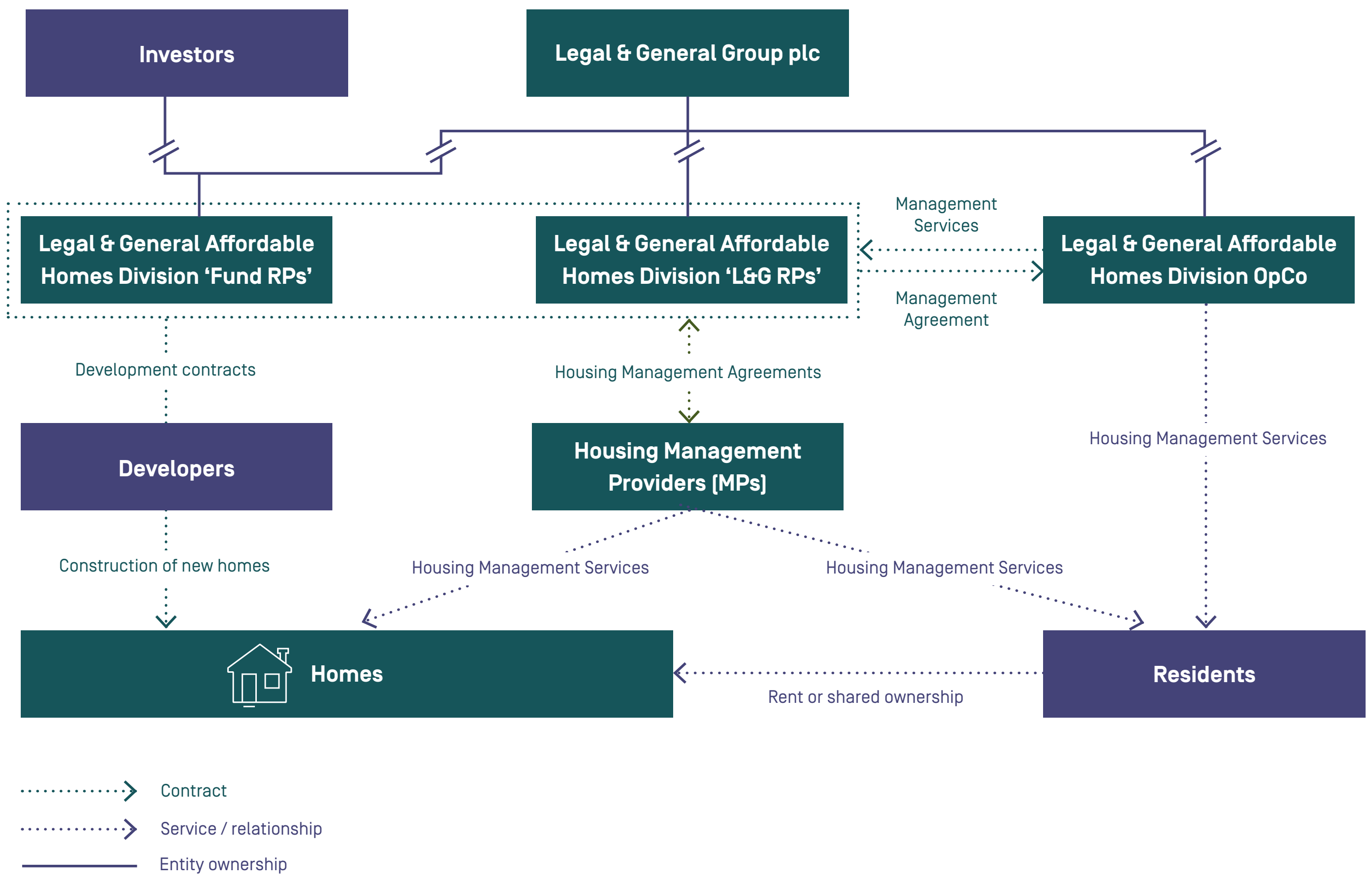
The Legal & General Group Risk Committee ("GRC") oversees sustainability impact risks to ensure exposures are controlled in line with the Group's risk appetite and that management actions are also aligned, including the actions proposed and taken by the business. The business inputs into regular updates to the GRC and the committee reviews progress to ensure the business develops appropriate processes to monitor and report risk exposure, including climate risks.

Stakeholders

Figure 5 shows the key stakeholders for the business.

14. In 2024, LGAH also introduced tenanted acquisitions, adding 387 homes. This is part of a strategy to engage with the traditional sector to acquire portfolios of tenanted homes that not-for-profit registered providers (NFPRPs) are selling, typically because they are seeking to recapitalise, or to exit a specific geography. There is a focus on acquiring homes which require green retrofit, with the intention of accelerating and streamlining these works, thus reducing disruption to tenants and enabling interventions to be brought forward.

Figure 5: Legal & General Affordable Homes Division stakeholder map



4 / PERFORMANCE AGAINST SOCIAL IMPACT PRIORITIES

SOCIAL IMPACT PRIORITY 1:

EQUITY AND AFFORDABILITY

Legal & General Affordable Homes Division continued to scale delivery, ramping up social rent home investment and improving affordability for lower-income households. However, delivery remains below targets, and service charges and geographical targeting remain key constraints.

To assess this social impact priority, we consider the extent to which the business has increased the supply of affordable homes where they are most needed.

SUPPLY OF AFFORDABLE HOMES

As of December 2025, the portfolio had 6,694 operational homes, representing continued growth of 18% from 2024 (5,683 homes).

Figure 6: Total portfolio

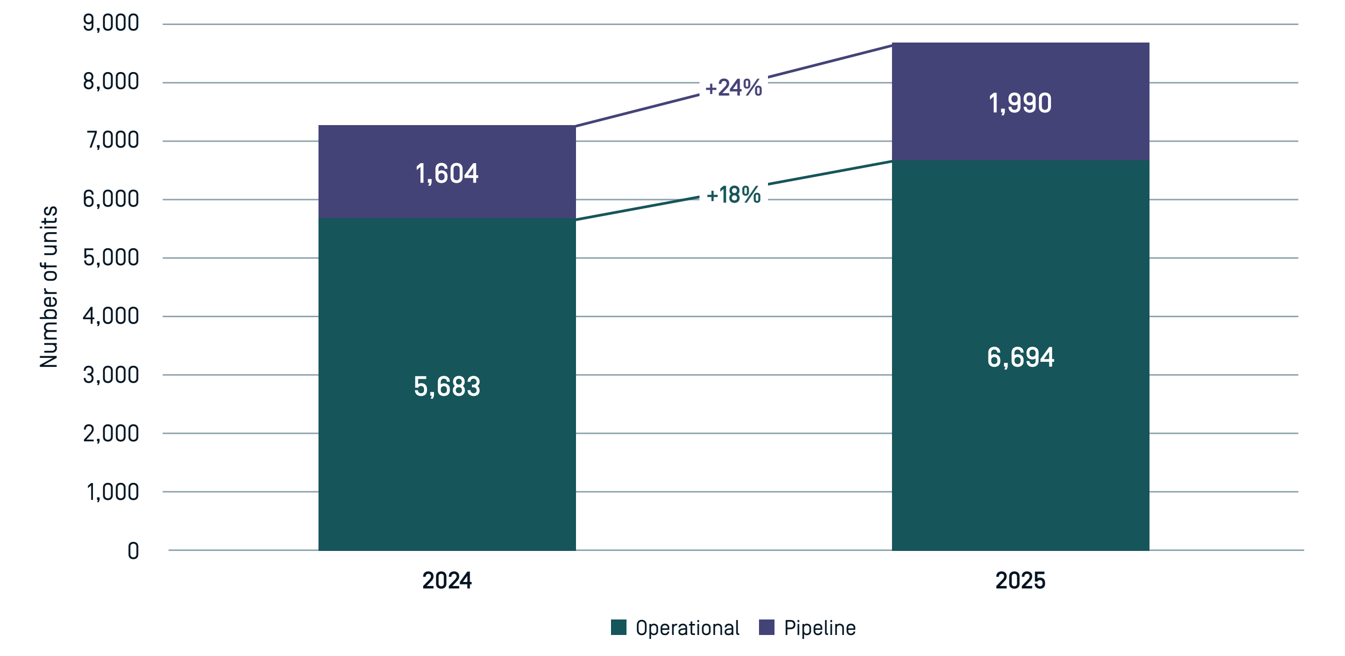
METRIC	2022	2023	2024	2025	CHANGE FROM 2024 TO 2025
Operational portfolio only (cumulative)					
Assets under management – operational	£561m	£750m	£942m	£1.02b	+9%
Total number of operational homes Annual target: 3,000 new homes per annum	3,032	4,336	5,683	6,694	+18%
Operational portfolio and secured pipeline (cumulative)					
Assets under management – total	£0.9b	£1.0b	£1.2b	£1.32b	+8%
Total number of operational and pipeline homes	5,781	5,953	7,287	8,684	+19%

Portfolio and pipeline

Following increased capital availability driven by successful fundraising, 2025 saw a renewed focus on pipeline growth and the initiation of a series of strategic acquisitions and partnership arrangements. These have the potential to reshape its portfolio in the coming years and impact the sector more broadly. However, completions slowed and remain below the long-term delivery target.

The business completed 1,001[15] homes in 2025, down from 1,347 in 2024 and still below its long-term annual target of 3,000 homes. This shortfall was driven by sector-specific challenges and delayed Affordable Homes Programme (AHP) grant confirmation. However, with significant financial commitments, a growing pipeline, increased AHP certainty, and an evolving acquisition and partnership strategy, delivery is expected to pick up going forwards.

Figure 7: Pipeline and operational portfolio growth

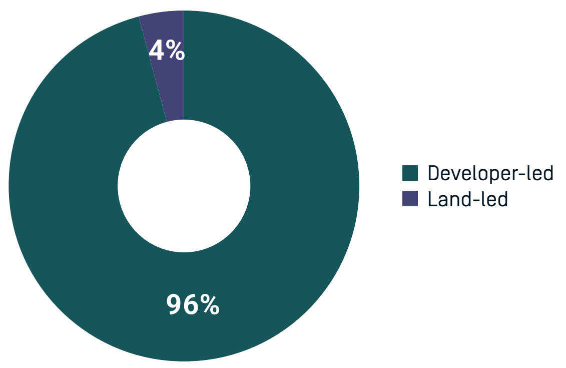


15. 10 homes were disposed at the end of 2024 but were counted as operational during that year.

Additionality

In 2025, the portfolio remained heavily weighted towards developer-led Section 106 schemes, with a minor proportion delivered through land-led schemes.

Figure 8: Breakdown of all homes by method of delivery



While developer-led/ Section 106 schemes typically offer lower additionality than land-led schemes, we saw the business's investment play a role in enabling delivery, including supporting developers to proceed with schemes contingent on the sale of affordable homes, or to convert private homes to affordable:

- **Colindale Gardens, London**
  311 social rent homes
  With GLA grant, the business converted 158 of the homes from private sale to social rent with the remaining having been S106. We heard its investment was critical in enabling Barratt to progress the wider regeneration scheme.
- **Coventry City Centre, Coventry**
  145 social rent, 55 shared ownership homes
  With Homes England grant funding, the business helped enable a major regeneration scheme to proceed by overcoming viability constraints associated with high upfront costs.
- **Station Quarter, Telford**
  36 affordable rent, 36 shared ownership homes
  The business's involvement, alongside public funding, supported the delivery of affordable homes within a wider regeneration scheme that may otherwise have been delivered as market housing due to the high upfront costs required to develop the land.

The business has also worked on a new partnership with Hyde (which was subsequently launched in March 2026). This arrangement is one in which a traditional RP sells homes to a partnership 50% owned by the business and the RP. This model enables the traditional RPs to recapitalise by selling homes (tenanted stock or future pipeline) into a jointly owned structure while retaining an operational role. This partnership approach can support the wider sector by releasing capital for de-leveraging, development and reinvestment in existing stock – enabling continued delivery of new homes or the implementation of improvement or retrofit strategies.

As the business evolves its acquisition and partnership strategies, we recommend the following to maximise impact and additionality, and better understand its contribution to addressing the housing crisis:

- Support the delivery of new affordable homes while ensuring acquisitions and partnership stock is used where it can deliver the greatest additionality.
- Partner with values-aligned RPs, upholding the business's impact standards while incorporating good practice from partners.
- Ensure balanced risk sharing and mitigate risks that could affect residents.
- Establish a clear and responsible exit approach.
- Prioritise partnerships with a clear link to additionality and positive resident outcomes, such as unlocking new development or enabling retrofit. Measure the outcomes delivered both by the partnership and RP partner.
- Update the Impact Strategy to reflect the role of partnerships and acquisitions, with clear success metrics and tracking of outcomes, including benefits from RP recapitalisation.
- Use emerging experiences to evaluate the extent to which, and how, RP recapitalisation drives a stronger sector and better housing outcomes.

CASE STUDY: PERRY BARR, BIRMINGHAM[16]

Key scheme characteristics	
Location:	Perry Barr, Birmingham
Homes:	487 (Affordable Rent, Social Rent, and Shared Ownership)
Management Provider:	Pinnacle
Practical completion:	2024
Investment:	2024 acquisition with £35.2m Homes England grant

Overview

Following the Commonwealth Games, a significant proportion of the scheme remained vacant while options for its long-term use were considered. The business acquired the scheme with support from Homes England grant, to enable the conversion of 348 homes to affordable housing. This represents a significant increase in affordable provision, from an originally planned 139 homes to 487, demonstrating strong additionality and the ability to unlock schemes at scale.

The scheme forms part of a wider regeneration area and benefits from strong transport links and access to local amenities. Homes are good quality and spacious.

The homes provide for significant housing need, with 96% residents previously in temporary accommodation or homeless, including a high proportion of care leavers and families.

Rental demand is strong with the homes letting quickly. The onsite housing manager and facilities team were highlighted as a key strength, providing familiar points of contact for residents and supporting the smooth running of a large scheme. Plans to relocate Pinnacle into an onsite office will further improve resident access.

Operational challenges remain, including the lack of parking provision for rental homes, coordination of repairs, and supporting residents to navigate the Brolly system. The onsite team also highlighted the complexity of managing a large, mixed-tenure scheme with multiple partners involved, particularly as the vacant period pushed defects out of warranty.

Community-building initiatives are emerging, including joint events delivered with Legal & General Affordable Homes Division, Pinnacle, and Birmingham City Council, as well as resident-led activities. There is an opportunity to further develop more regular and structured community engagement over time.

Ben's story[17]

Ben has lived in an adapted home since moving to Perry Barr from medical care in May 2025. He now lives independently and views his home as a significant improvement. He appreciates the space, temperature, balcony access, and overall quality. He sees his home as suitable for the long term, including the potential for further adaptations if his needs change.

While repairs are generally carried out quickly, he noted that some adaptations, notably the bathroom, have progressed slowly. He also highlighted that parts of the development, including the car park, are still being completed. Despite this, he values the location, which allows him to remain close to friends.

16. This case study is illustrative – descriptive and designed to add realism and depth. Its purpose is to illustrate L&G's role in unlocking large-scale regeneration schemes and significantly increasing affordable housing provision.
17. Name changed.

TARGETING AREAS MOST IN NEED

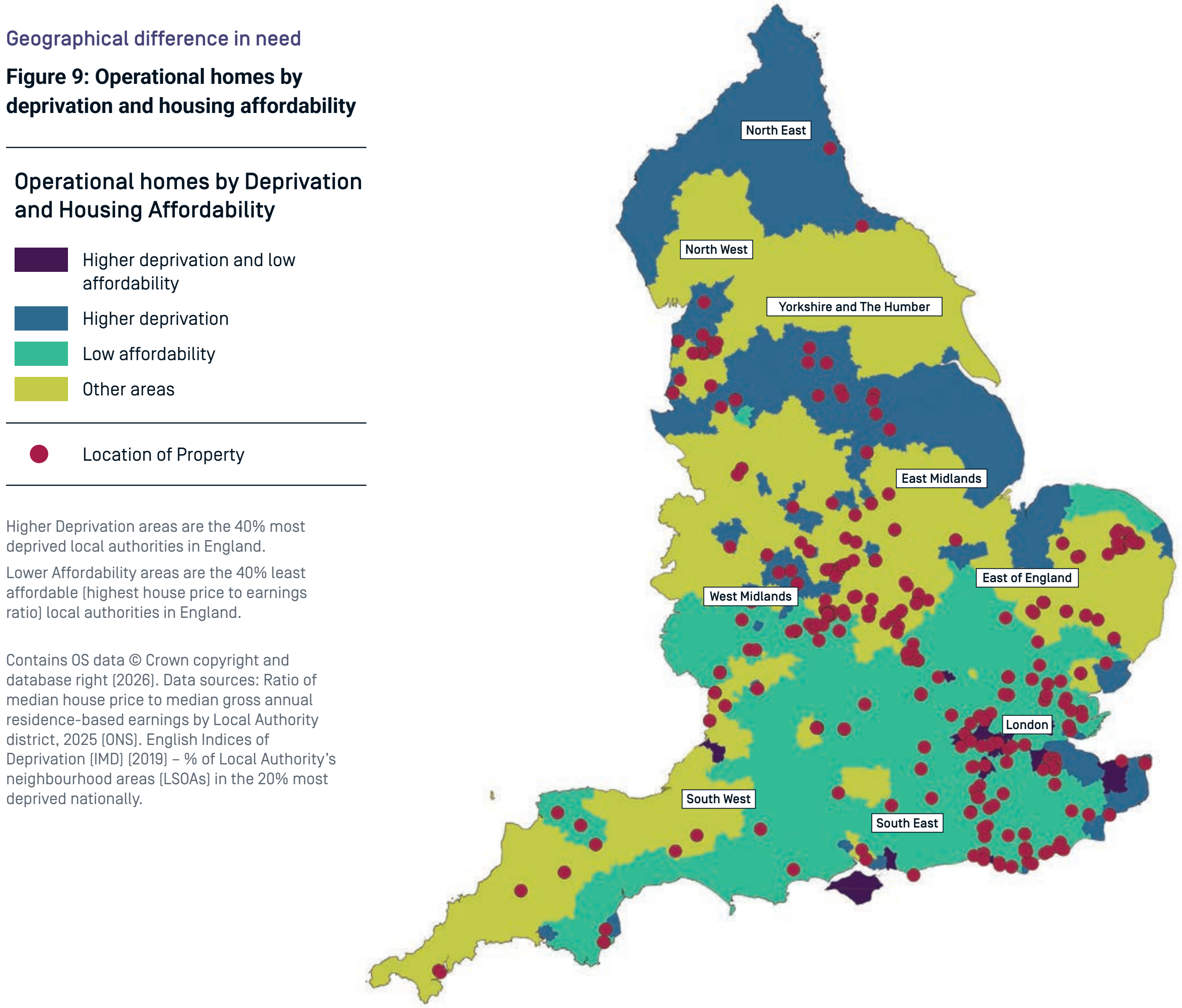
Demand for homes

Six months post-completion, 99% of rental homes were occupied – a 2% increase from last year and in line with the sector median of 99.5%.[18]

Shared ownership occupancy was slightly lower at 97%. Unlike rental homes, occupancy for shared ownership is influenced by a wider range of factors, including market conditions, mortgage availability, and the longer transaction timelines associated with purchasing a home.[19] In London, as previously reported, shared ownership homes continued to show materially lower occupancy at six months (83%), compared to 99% outside London. This largely reflects the concentration of large, flatted schemes in London, where a high number of homes are handed over simultaneously and can take longer to absorb into the market.

Geographical difference in need

Figure 9: Operational homes by deprivation and housing affordability



Higher Deprivation areas are the 40% most deprived local authorities in England.

Lower Affordability areas are the 40% least affordable (highest house price to earnings ratio) local authorities in England.

Contains OS data © Crown copyright and database right (2026). Data sources: Ratio of median house price to median gross annual residence-based earnings by Local Authority district, 2025 (ONS). English Indices of Deprivation (IMD) (2019) – % of Local Authority's neighbourhood areas (LSOAs) in the 20% most deprived nationally.

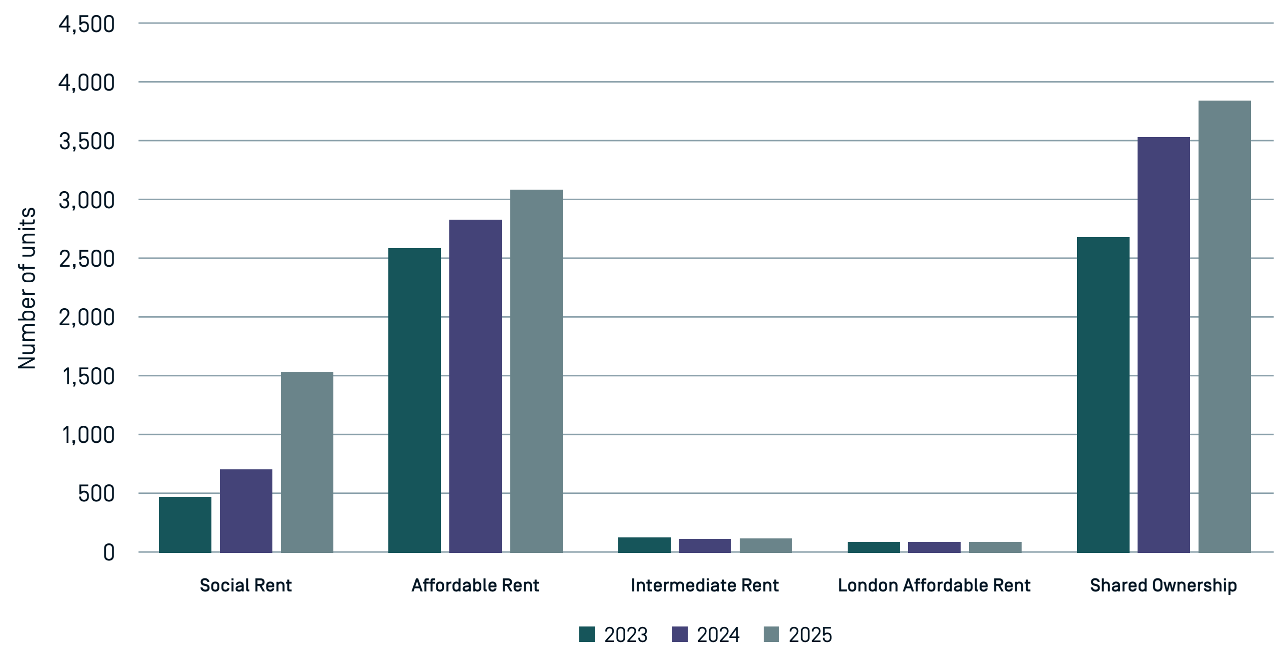
While there is a national need for affordable housing, only 39% of the business's homes are in areas with above-average social housing waiting lists, although this is an improvement from 30% in 2024. 37% of homes are in the 40% most deprived local authorities and 47% of homes are in the least affordable areas for home ownership. Although the business has not set specific targets for these measures, it could strengthen its impact by more strategically targeting areas with higher demand, greater deprivation, and lower affordability.

18. Housemark, 2022. Sector Scorecard Analysis report 2022.
19. No benchmark is available for Shared Ownership occupancy. While lease-up may be slower than rental, by nature ongoing occupancy is 100%.

AFFORDABILITY OF HOMES

In 2025, the business significantly increased its provision of social rent homes, adding 822 new homes and almost doubling the proportion of social rent within its portfolio.

Figure 10: Breakdown of all homes by tenure type



Affordability compared to the open market

Rents are, on average, 64% of open market rents. This is broadly in line with 2024 and reflects generally good affordability relative to the private market.[20] While rent setting can be constrained by provisions within Section 106 agreements, Legal & General Affordable Homes Division considers local market conditions and income levels to inform an evidence-based approach to affordability (see page 25 for more details).

Affordability for local households

Rental portfolio

On average, the portfolio's rental homes are affordable to 77% of local households, representing an improvement from 72% in 2024.[21] 84% of rental homes are affordable to households earning between the 0 and 40th percentile of local incomes, indicating strong accessibility for lower-income households.

68% of rents are at or below the local housing allowance (LHA).[22]

This demonstrates continued affordability for most households in receipt of housing benefits. This is lower than 72% in 2024, reflecting a structural effect: while many rents are initially set at LHA levels, they increase annually at CPI+1%. Since LHA rates have remained frozen, rents move above LHA over time. The business continues to consider local incomes, market rents, and resident affordability when setting rents and reviewing increases, which they may limit if they are deemed likely to have a material impact on customers. Thus, this is the effect of broader policy rather than a change in the business's underlying approach to rent setting.

20. Methodology to calculate comparison to open market has changed; previous reports used an unweighted average while this year reports a weighted average.
21. For each home, we calculated the monthly income required for households to not be overburdened by their housing costs. This was compared with local earnings data to establish the share of local residents who would be likely to be able to afford to live in the homes. It should be noted that our calculations did not consider housing benefit, which many residents receive – and explains wider affordability of homes to lower income households.
22. LHA is set at 30% of the local open market rent level for the Broad Rental Market Area. Different levels of LHA are calculated based on the number of people in a household/ bedroom required. LHA has been frozen since 2020.

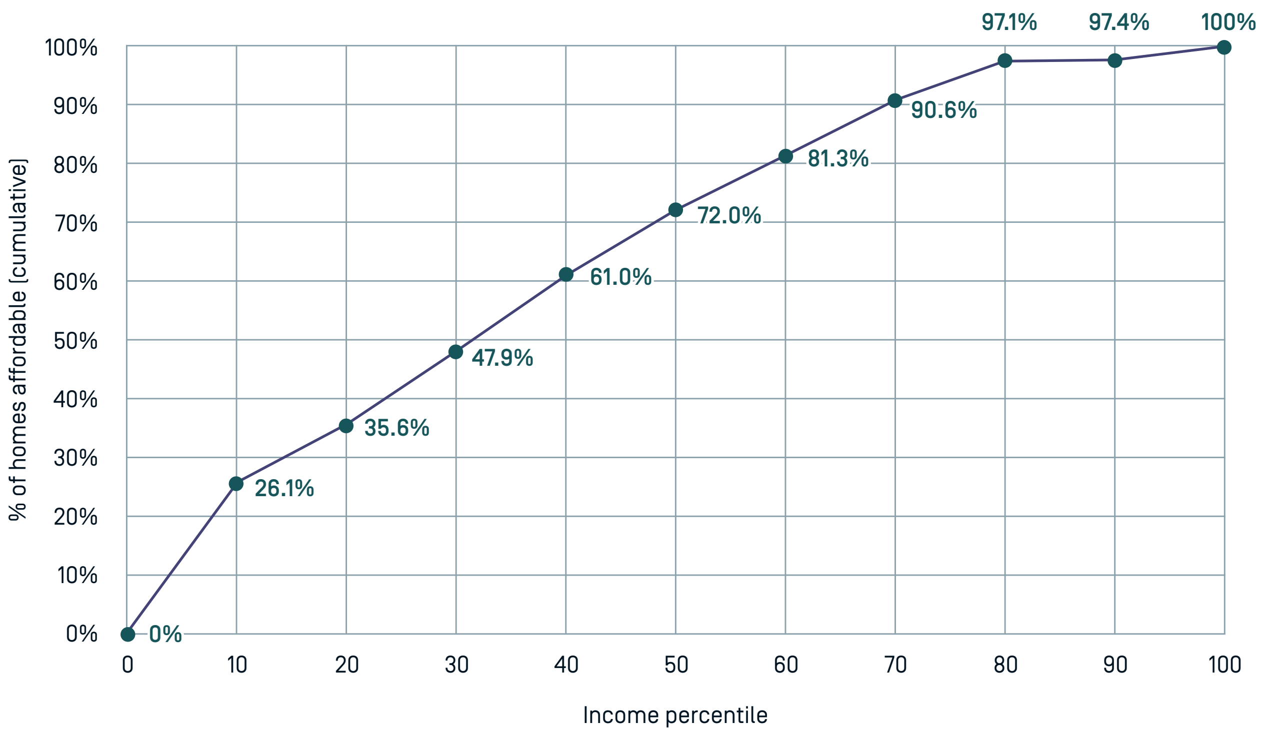
Shared ownership portfolio

On average, the portfolio's shared ownership homes are affordable to 65% of local households, representing a significant improvement from 54% in 2024 and indicating increased accessibility across a broader income range.

Only 3% of homes are affordable solely to households earning above the maximum shared ownership income threshold, a marked reduction from the previous year. This suggests improved alignment with target income groups, including in higher-cost areas.

However, affordability remains sensitive to overall living costs, mortgage rates and buyer sentiment. London and flatted schemes are susceptible to the pressures of higher values and/or service charges. As identified in Box 1 (page 23), these pressures can affect demand and risk overburdening some households.
The business has taken steps to mitigate this, including rent suppression or selling lower shares in some cases, and should continue to prioritise shared ownership schemes that are accessible to lower-earning households.

Figure 11: Proportion of shared ownership homes affordable to local households at different percentiles [23]

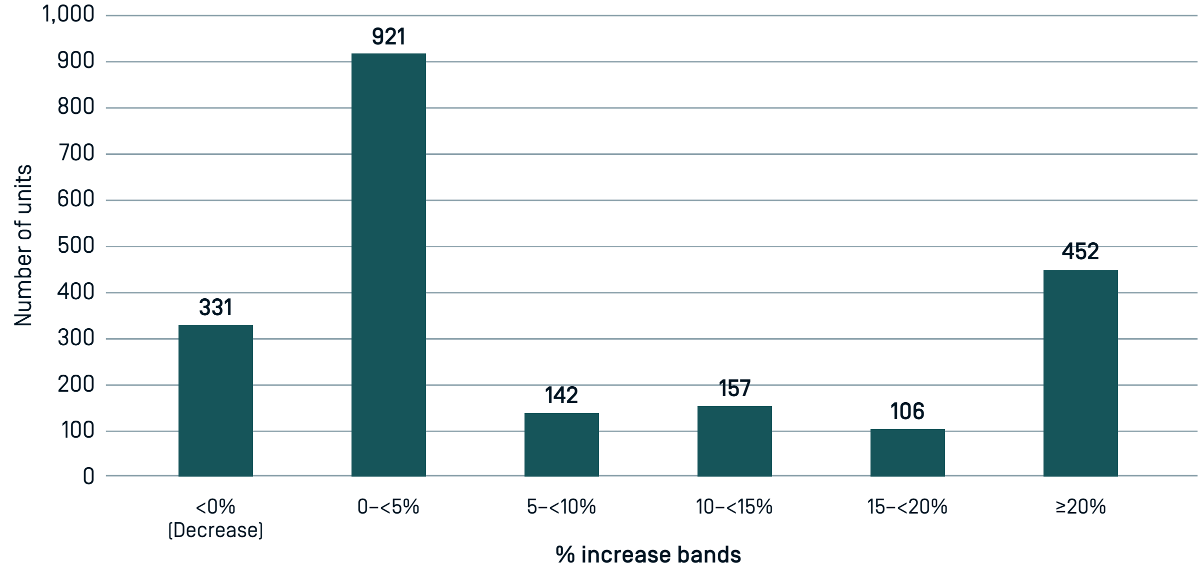


23. For each home, we calculated the monthly income required for households to not be overburdened by their housing costs. This was compared with local earnings data to establish the share of local residents who would be likely to be able to afford to live in the homes. It should be noted that our calculations did not consider housing benefit, which many residents receive – and explains wider affordability of homes to lower income households.

Box 1: Shared ownership service charge increases

Service charge changes vary significantly across the portfolio. While most homes (c. 59%) saw increases of less than 5% or a reduction, a notable minority (21%) experienced increases of 20% or more. These larger percentage increases typically equated to around £60–£80 per month and were largely driven by the factors described below.

Figure 12: Distribution of service charge changes (2024/25 to 2025/26)



These larger increases are primarily driven by the alignment of legacy charges to the business's cost base, the expiry of previously suppressed charges, uplifts in management fees and external cost pressures, particularly energy and compliance costs.

While these changes reflect a normalisation of service charges over time, the structure and communication of charges can create challenges for residents. Customer insight highlights that service charge communications are often complex and difficult to understand, with technical language and delayed adjustments contributing to perceptions of sudden and unexplained increases. This can exacerbate affordability concerns, particularly in shared ownership homes.

The business has responded by strengthening oversight of service charge setting, challenging developer assumptions, and improving communications. A customer panel has also made recommendations to the service charge policy; TGE will monitor follow-through in the next report.

CASE STUDY: HORIZON COURT, LONDON[24]

Key scheme characteristics

Location:	Southwark, London
Homes:	58 social rent homes, fully occupied
Management Provider:	Pinnacle
Practical completion:	Summer 2025
Developer:	Barratt
Investment:	2024 (alongside GLA grant)

Overview

The business's investment in Horizon Court, alongside GLA grant, enabled the delivery of 58 social rent homes. With social rent provision increasingly challenging, particularly in London, and Southwark's waiting list exceeding 11,000 households (around 9% of all households), this represents a highly impactful investment. Barratt noted that this scheme not only unlocked these homes but also supported the wider private development, delivering good additionality.

Horizon Court is well connected and located in a regenerating area. The homes are high-quality and spacious, each with outdoor space or an attractive sunroom. The onsite team reported that residents are generally satisfied with their homes and feel safe.

Some defects have arisen requiring developer input, including plumbing issues in the block's adapted units, though most are now resolved. Clear resident communication during resolution was highlighted as important. There are emerging signs of community, including plans for a summer event. The business could support such initiatives by repurposing one of the four underused bike storage rooms for resident use.

Claudia's story[25]

Claudia lives in an adapted 3-bed home with her two adult sons who both work. A former nurse, she is currently on Universal Credit while undergoing treatment, with the aim of returning to work. She spoke very positively about the home, highlighting the space, warmth and quality, and noting improvements in her mental health, describing it as having a "feel-good factor".

However, she raised concerns about affordability. While her benefits cover rent, they do not cover service charges. She reported that her monthly housing costs had increased significantly within a year, without a clear explanation.[26] She worries this may not be sustainable over time.

She also struggled with additional move-in costs such as curtains and white goods. Despite this, she remains positive and would like to stay if it remains affordable.

KEY INDICATORS

SOCIAL IMPACT PRIORITY	METRIC	2022 (BASELINE)	2024	2025	CHANGE FROM 2024 TO 2025
Equity and Affordability	Average rental discount to market	34%	40%	36%	-4%
	Share of local residents likely to be able to afford rental homes[27]	74%	72%	77%	+5%
	Share of local residents likely to be able to afford shared ownership homes	60%	54%	65%	+11%

Contribution to impact

- **Capital deployment and delivery model:** The business transacts across developer-led, grant-funded, land-led, partnership and acquisition routes to deliver at scale.[28]
- **Scheme selection and targeting need:** Schemes are selected based on demonstrable local housing need balanced with opportunity and viability, with increasing engagement with local authorities and RPs to align delivery with demand.
- **Affordability policy and rent setting:** The business applies a defined affordability framework that goes beyond policy requirements, targeting rents at lower-income households and rejecting schemes that do not meet its thresholds.
- **Managing housing costs for residents:** While ongoing rent increases are defined by policy, the business is taking more of an active position in managing service charge levels to minimise overburden risk for residents (see page 23).
- **Targeted interventions to support affordability:** The business enhances affordability in selected schemes through additional measures such as white goods, blinds and energy efficiency improvements, as well as a hardship fund to support vulnerable tenants, which has disbursed c. £75k so far.
- **Supporting sector sustainability (acquisitions and partnerships):** The business's partnership and acquisition models have the potential to support RP recapitalisation and sector capacity and expansion, positioning it as a long-term delivery partner.

OUTCOME: GREATER RESIDENT FINANCIAL WELLBEING

The business's housing offer is likely to support resident financial wellbeing through lower rents relative to the private market, access to social and affordable rent, and increased housing stability. In 2025, affordability improved across both the rental and shared ownership portfolios, with a significant increase in social rent homes and most rental homes affordable to lower-income households.

TGE is undertaking further research to better understand and quantify these impacts. Initial analysis suggests that most residents are likely to be financially better off than if they were renting comparable homes in the private market, although affordability pressures remain for some households, particularly where service charges increase or overall housing costs are harder to predict.

24. This case study is illustrative – descriptive and designed to add realism and depth. Its purpose is to illustrate L&G's role in delivering social rent homes in high-need areas and highlight both strengths and challenges in operational performance and affordability.
25. Name changed.
26. Following the interview, Legal & General Affordable Homes reviewed rent and service charge increases for three-bedroom homes at Horizon Court. Initial analysis indicates that average monthly housing costs increased by around 7%, with the majority of the increase driven by service charges reflecting the costs of managing and maintaining the building. The business is seeking further clarification from the Management Provider and will continue to support customers where affordability is a concern.
27. For each home, we calculated the monthly income required for households to not be overburdened by their housing costs. This was compared with local earnings data to establish the share of local residents who would be likely to be able to afford to live in the homes. The business's Affordability Policy states that no more than 35% of a household's gross income should be spent on combined rent and service charge.
28. Land-led schemes are developments where L&G acquires land and leads delivery, with greater control over design and specification. Developer-led (Section 106) schemes are homes acquired from third-party developers post-planning, where the business has limited influence over design and build quality.

SOCIAL IMPACT PRIORITY 2:

HEALTH AND WELLBEING

The business continues to deliver high-quality homes and strong resident satisfaction, while strengthening its service model and resident engagement to improve overall wellbeing.

To assess this social impact priority, we consider whether the business is delivering well-designed, high-quality homes that residents are happy with and providing exceptional landlord services.

QUALITY AND DESIGN OF HOMES

Build and design quality

Build quality across the portfolio is generally good and in line with other institutional investors. Where homes are acquired through developer-led (Section 106) routes, the business has limited control over design and build quality, as involvement typically begins post-planning.

Site visits and partner feedback indicate that while most defects are minor and addressed post-handover, issues and their resolution can be more challenging where the business invests close to/ after practical completion (see case study page 30).

There are emerging examples of the business proactively enhancing scheme delivery within developer-led constraints. In Colindale Gardens, London, it has funded additional features including blinds, white goods, and interventions to manage energy costs. However, as such interventions are applied selectively rather than systematically, there is an opportunity to embed them more consistently across the portfolio.

As the business builds its acquisition and partnership strategy, it should define clear standards for acquired and partnership portfolios, including what it will not bring into the portfolio, and the standards it will bring homes up to.

Size of homes

61% of portfolio homes meet or exceed Nationally Described Space Standards (NDSS), an improvement from 57% in 2024.[29]

Wider area

Generally, schemes are well-located, particularly where they form part of wider regeneration developments. However, site visits highlight varied accessibility within the portfolio. Some schemes – such as Horizon Court, London – have limited or no on-site parking. While this reflects planning-stage decisions outside of the business's control and is common in cities, it has implications for residents with disabilities who may rely on their cars. We suggest this is given careful consideration in cases where the business has levers to influence parking availability for schemes with a high number of accessible homes.

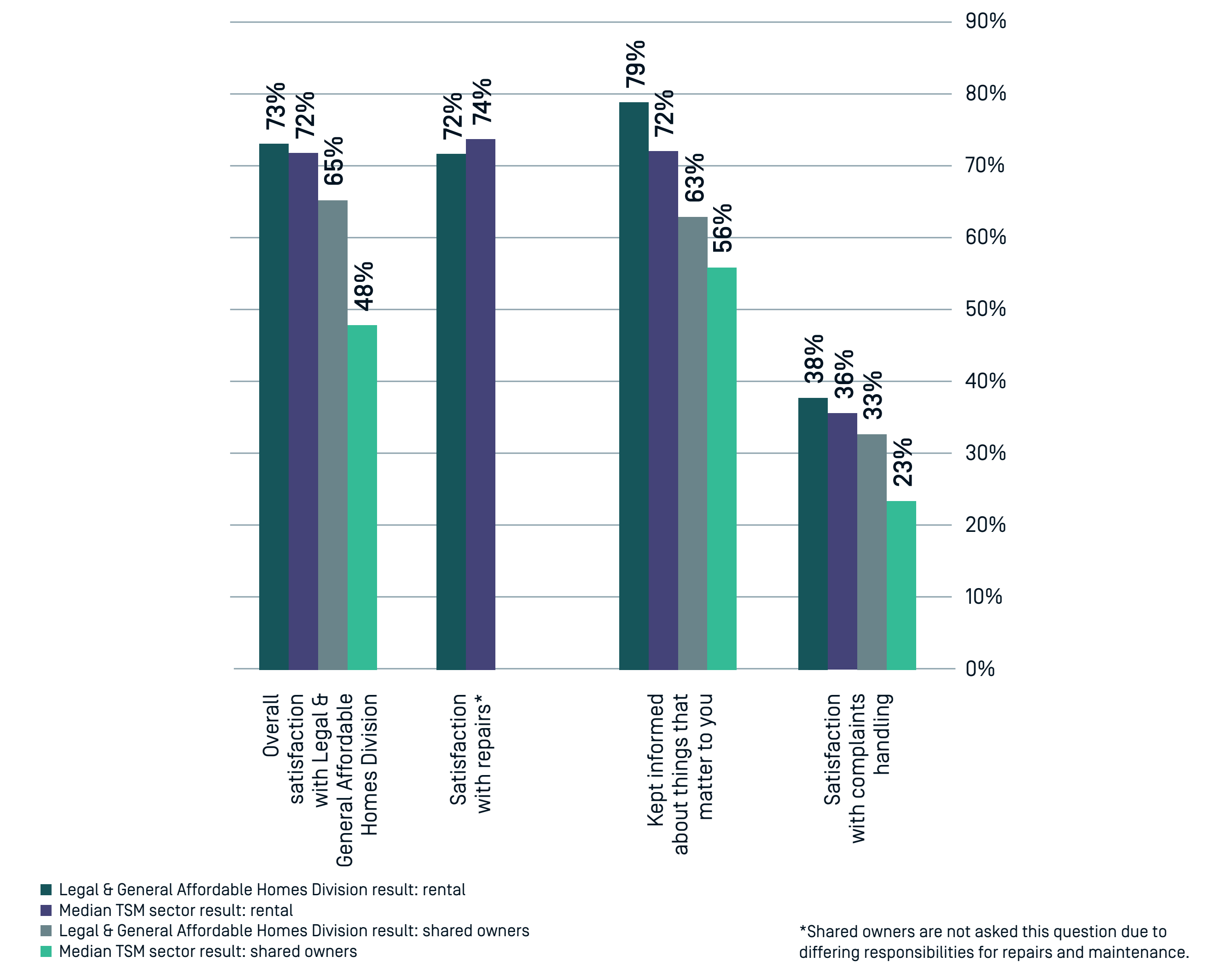
29. MHCLG, 2015. Technical housing standards – nationally described space standard. L&G applies its Space Standards Practice Note to allocate appropriately sized households where homes fall short of National Space Standards, avoiding overcrowding. Research by Özer and Jacoby found that, across a sample of 9,876 newly built affordable homes completed in 2021, 43% met the Nationally Described Space Standard, with compliance substantially higher for flats than houses and higher in London than in other regions.

RESIDENT SATISFACTION AND SERVICE QUALITY

The business achieved a strong post-occupancy Net Promoter Score (NPS) of +59 in 2025 – however this was +66 in 2024, indicating slightly declined satisfaction at move-in.[30]

Resident satisfaction remains above sector averages across most TSM metrics, particularly the shared ownership portfolio (see Figure 13). Strong performance includes safety, communication, and overall satisfaction, with especially strong relative performance among shared owners, whose overall satisfaction exceeds an internal target of 62%. For renters, performance has improved across all individual TSM measures year-on-year; however, overall satisfaction remains below the 75% target. It is also not fully reflected in overall satisfaction scores, suggesting that broader perceptions or 'general sentiment' may be influencing results beyond specific service areas.

Figure 13: Selected Tenant Satisfaction Measures[31]



30. It is important to note that NPS is taken at move-in, so this measure reflects early resident experience at handover rather than ongoing service delivery. The business's target NPS at move-in is +59.
31. Number of respondents for each TSM range from 365 to 635, together representing 22% of the relevant tenant population size. Results show the percentage of respondents responding, 'Very satisfied' or 'Fairly satisfied.' Median TSM Sector results sourced from: Regulator for Social Housing, 2025. Tenant Satisfaction Measures 2024/25: Headline report.

Challenges persist around complaint handling and repairs. While satisfaction has improved, it remains relatively low across tenures, and this is echoed in resident interviews. Residents in newer schemes highlighted ongoing issues with snagging and early defects, alongside confusion over responsibilities between developers, Management Providers, and Legal & General Affordable Homes Division, which can delay resolution and weaken the move-in experience.

In response, the business has continued to strengthen its service model, including the role of its in-house Customer Resolutions Team in improving consistency and oversight of complaint handling, and increasing use of data and performance tracking to identify recurring issues and drive improvements.

The business continues to develop best practice in resident engagement through the introduction of a Customer Voice Panel (11 members), which works directly with senior leadership to review services and identify improvements. This reflects a shift towards more structured and resident-led governance, with feedback increasingly informing operational decision-making. TGE will monitor follow-through of the Panel's recommendations.

The business has also expanded its support for residents beyond core housing services through two new initiatives:

- **Neighbourhood:** A preventative programme offering services such as digital GP access, mental health support, financial resilience training and cost-of-living assistance.
- **Harbour:** A targeted outreach service providing proactive support to more vulnerable residents to help sustain tenancies.

While the business demonstrates a strong and evolving approach to resident engagement, there is an opportunity to take a more strategic and consistent approach across the full delivery chain, particularly in developer-led schemes. This includes strengthening expectations around developer performance, communication, and community engagement to ensure a more consistent resident experience from construction through to occupation.

KEY INDICATORS

SOCIAL IMPACT PRIORITY	METRIC	2022 (BASELINE)	2024	2025	CHANGE FROM 2024 TO 2025
Health and Wellbeing	Net Promoter Score (NPS) from new residents[32]	+59	+66	+59	-7
	% homes that meet or exceed Nationally Described Space Standards (NDSS)	58%	57%	61%	+4%
	TSM 1 – Overall satisfaction with the service provided by the landlord	N/A	72%	70%[33]	-2%

Contribution to impact

- **Design and housing quality:** The business supports housing quality through strong standards in land-led schemes, screening of developer-led schemes, and allocation policies to mitigate overcrowding.
- **Handover and defect management:** In line with sector practice, the business has structured handover processes, aftercare support, and feedback loops to help manage defects and improve quality over time.
- **Customer service and repairs:** Services are delivered through Management Providers with oversight, supported by initiatives like Brolly to improve consistency and digital repair management.
- **Resident engagement and feedback:** The business has strengthened resident voice through formal governance structures and multiple feedback channels.
- **Supporting wider wellbeing:** Preventative and targeted support programmes provide residents with access to health, financial and wellbeing services to sustain tenancies.
- **Recognising system complexity:** The business continues to address the complexity of its multi-party delivery model by improving clarity, communication and service consistency.

32. The business's target NPS at move-in is +59.
33. Based on 1,000 responses.

CASE STUDY: BROADLAND FIELDS, NORFOLK[34]

Key scheme characteristics	
Location:	Norfolk
Homes:	162 operational homes (176 on completion) 70% Shared Ownership, 30% Affordable Rent
Management Provider:	Flagship
Practical completion:	2023–2025

Overview

Broadland Fields homes form the Section 106 component of a wider new development near Norwich. The scheme is well located for amenities, including a nearby supermarket, restaurants and cafés. A bus service runs close to the site and is used by some residents, although most rely on cars. Residents generally describe the area as safe, quiet and peaceful.

Residents we spoke to were satisfied with their homes, which are considered spacious and finished to a good standard. Minor snagging issues were reported, including an ongoing damp issue that Flagship is addressing within the defects period, but overall complaints were limited. Some residents also mentioned issues with the Brolly system. All residents interviewed were either in work or receiving Universal Credit and reported housing costs to be affordable in their current circumstances.

Sally's story[35]

Sally moved into her two-bedroom Affordable Rent home in 2024 with her baby and five-year-old after three months in temporary accommodation following a relationship breakdown. "The temporary accommodation was awful. It was unsafe. I like it here – everyone is friendly."

She described her current home as a significant improvement and spoke positively about both the property and neighbourhood. She is planning to move to a larger, more centrally located home with easier access to shops, schools and healthcare but has enjoyed her time in Broadland Fields.

Susan and Peter's story[36]

Susan and Peter moved into their two-bedroom Affordable Rent apartment with their baby in 2024 after eight months on the waiting list. During this time, they lived in a small room in a shared house with friends, which they described as lacking privacy and unsuitable for a young family. Susan is a full-time parent, while Peter works, with Universal Credit supporting housing costs.

They spoke positively about their home and are planning to redecorate. They are managing a minor damp issue with a dehumidifier, which they do not consider significant.

"I really appreciate the security. It's peaceful and quiet, out of the way. I enjoy living here, it's a pretty area, especially in the summer."

Luca's story[37]

Luca moved from a shared house into his two-bedroom Affordable Rent home in 2024 after his ex-partner became sick. His children currently visit for long periods during holidays and may move in with him in future. He receives no benefits and, while housing costs are higher than his previous accommodation, considers them affordable and good value for the quality. Minor issues have been resolved quickly.

"This is my home, my castle [...]. It feels good to have my own space and privacy, where the kids can visit any time."

OUTCOME: GREATER RESIDENT PHYSICAL AND MENTAL WELLBEING

Housing is a key determinant of health, and by increasing access to stable, affordable, good quality homes, the business is likely contributing positively to residents' physical and mental wellbeing. While this is not yet systematically measured, evidence from resident interviews and satisfaction data indicates generally positive outcomes, but highlights inconsistency in residents' experience of service delivery.

Residents consistently reported improvements in wellbeing associated with having a high-quality stable home, including reduced stress, greater independence, and an increased sense of security. Shared Owners, in particular, highlighted the importance of having a long-term home and the opportunity to build equity as contributing to financial and emotional stability.

Wellbeing can be negatively affected by issues with complaint handling and concerns such as service charges. These challenges indicate that positive outcomes are not yet experienced consistently across the portfolio. Improving consistency, communication, and responsiveness, especially at move-in and when resolving issues, will help ensure these benefits are delivered across the portfolio.

34. This case study is illustrative – descriptive and designed to add realism and depth. Its purpose is to illustrate the business's developer-led delivery model.
35. Real name not used.
36. Real name not used.
37. Real name not used.

CASE STUDY: FOUNTAIN LANE, SANDWELL[38]

Key scheme characteristics	
Location:	Oldbury, Sandwell
Homes:	Homes: 114 homes c.70% Affordable Rent, 30% Shared Ownership
Management Provider:	Pinnacle
Practical completion:	2023-2024
Developer:	Lovell Partnerships Limited
Investment:	2021

Overview

As a land-led development, Fountain Lane demonstrates the business's ability to directly shape scheme design and delivery. The multi-tenure scheme performs well overall, with positive resident feedback despite some operational challenges typical of new-build developments.

The scheme is well located, with easy access to the train station, shops, and local amenities. Homes are good quality and well designed, supporting positive resident experience across both tenures.

Angie's story[39]

Angie moved into a two-bed affordable rent flat in October 2024 with her son, having previously lived with her mother in a one-bed home and registered as homeless. She described the property very positively, noting the space and overall quality and said it represents a significant improvement on her previous living situation. She feels settled, sees the home as a long-term option, and is keen to stay.

Liam's story[40]

Liam moved into a Shared Ownership home in June 2024. After periods of renting and living with family, he described having his own home as providing stability and independence. Saving for a deposit had been a key barrier, with Shared Ownership providing a route onto the property ladder. The location is a key benefit, with family, friends, and work nearby.

He reported a positive handover experience, with clear information and support from the business, and said initial snagging issues were resolved effectively. He is keen to staircase,[41] although progress has been slower than expected due to changes in responsibility between Pinnacle and Legal & General Affordable Homes Division, which he felt could have been communicated more clearly.

38. This case study is illustrative – descriptive and designed to add realism and depth. Its purpose is to illustrate L&G's land-led delivery model and its role in shaping scheme design, tenure mix, and resident outcomes.
39. Real name not used.
40. Real name not used.
41. Staircasing refers to the process by which a shared owner purchases additional shares in their home over time, increasing their ownership stake and reducing the proportion on which rent is paid.

SOCIAL IMPACT PRIORITY 3:

JUST TRANSITION

The business continues to deliver energy-efficient homes and strengthen its approach to decarbonisation, balancing sustainability ambitions with affordability and delivery constraints.

To assess the Just Transition social impact priority, we consider the business's operational and embodied carbon, and the sustainability characteristics of its schemes.

OPERATIONAL ENERGY EFFICIENCY OF HOMES

The business continues to deliver efficient homes. 94% are rated EPC B or above, exceeding the sector average of 86% for new builds.[42]

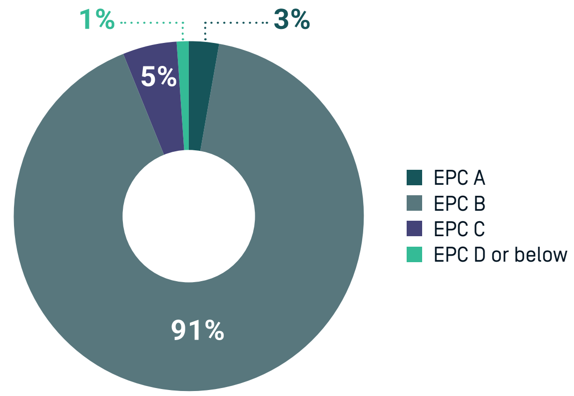
The distribution of EPC ratings remained stable year-on-year as the business continued to deliver efficient homes. We recommend prioritising retrofit works in EPC D or below properties – mindful of challenges around Shared Owner access.

As it expands into tenanted acquisitions, a gradual increase in lower-rated homes is expected. We recommend setting ambitious targets for rapidly retrofitting poorly performing homes.

The business has set a target requiring all contracted new builds to achieve EPC B by 2025 and aiming for 40% of new homes to reach EPC A by 2030. 93% of the homes completed in 2025 were EPC B and the remaining 7% were EPC A so it remains on target. We understand it is taking a pragmatic approach, reflecting more limited influence over developer-led schemes and the trade-offs between scheme viability, resident affordability, and the costs of delivering highly efficient homes. While we recognise that the business has a clear decarbonisation pathway, we recommend prioritising the elimination of gas in new homes wherever feasible.

The business has begun to strengthen its approach to in-use performance, including modelling Energy Use Intensity and piloting improved data collection, reflecting a shift towards more active management which we encourage.

Figure 14: EPC distribution of operational homes



42. MHCLG, 2025. Energy Performance of Buildings Certificates Statistical Release: January to March 2025 England and Wales.

Embodied carbon produced in construction

The business continues to develop its approach to managing embodied carbon in construction. In 2025, embodied carbon is estimated at 1,275 kgCO_2e/m², a 9% reduction from 2024. The estimate is on par with RIBA's business-as-usual target, indicating scope for further reduction.[43]

In land-led schemes, the business is exploring lower-carbon approaches. The Hart Road scheme in Essex, due to complete in 2026, comprises 44 net zero carbon homes. The development uses timber frame construction and a fully electric system, representing a departure from and significant improvement over typical delivery models.

Sustainability of schemes and design

Due to the business's main delivery pathway currently being investing in or acquiring developer-led schemes (primarily S106), the range and extent of sustainability features across schemes varies.

Nevertheless, some strong examples emerged in-year including:

- **Colindale Gardens, London** includes a gas-fired district heating system and EV charging. While the business could not influence the choice of heating system, district heating offers a lower carbon alternative to individual gas boilers and supports more efficient energy use at scale.
- **Perry Barr, Birmingham**, incorporates a centralised heating system to help manage ongoing energy costs for residents by providing more stable and potentially lower-cost energy compared to individual systems.

Strategic Approach to a Just Transition

The business is advancing its Just Transition priority by focusing on sustainability and affordable housing delivery. However, best practice would take a broader, more strategic approach, including how developments can empower communities and support equitable outcomes. This is particularly relevant in areas affected by the transition to a low-carbon economy, where there may be opportunities to promote green jobs and training.

KEY INDICATORS

SOCIAL IMPACT PRIORITY	METRIC	2022 (BASELINE)	2024	2025	CHANGE FROM 2024 TO 2025
Just Transition	% of homes rated EPC B or above	97%	94%	94%	+0.5 pp
	GHG emissions	N/A	637 tCO^{2}e (Scope 1 & 2)	467.6 tCO^{2}e (Scope 1 & 2)	26.6% reduction

Contribution to impact

- **Strategy and targets:** The business has set a clear decarbonisation pathway, targeting that from January 2030 all new homes handed over will be Net Zero Carbon (NZC)-enabled with defined milestones on EPC performance and fossil fuel phase-out. There is also a Group-wide target to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year.
- **Investment and development decisions:** Sustainability is integrated into investment decisions, balancing affordability and viability while applying a pragmatic best-available-option approach.
- **Operational energy performance:** The portfolio performs strongly on energy efficiency, with most homes EPC B or above and ongoing improvements in data and energy sourcing.
- **Retrofit and acquisitions:** The business is beginning to target acquisitions with retrofit potential, although this remains an emerging area of focus.
- **Data and reporting:** Carbon measurement has improved significantly, with full Scope 3 coverage achieved and ongoing work to strengthen data quality.
- **Just transition approach:** The business takes a pragmatic approach to decarbonisation, recognising trade-offs and prioritising affordable delivery alongside emissions reduction.

43. RIBA, 2021, 2030 Climate Challenge guide.

OUTCOME: REDUCED GHG EMISSIONS

The business reported Scope 1 and 2 emissions of 467.67 tCO^{2}e in 2025, compared to 637 tCO2e reported in 2024 at Group level, which represents a 26.6% reduction.

Absolute emissions remain relatively low, reflecting an investment platform business model (rather than a direct operator of housing stock). As the portfolio continues to grow – with operational homes increasing by 18% in 2025 – emissions should be considered alongside scaling activity, with a focus on ensuring emissions growth does not track portfolio expansion.

The business has significantly improved emissions reporting, achieving 100% coverage of Scope 1, 2, and 3 emissions.[44] This represents a marked improvement in data completeness compared to previous years. Continued improvements in data quality will be important to support more targeted decarbonisation strategies over time.

Figure 15: Breakdown of Legal & General Affordable Homes Division emissions

EMISSIONS METRIC	RESULT
Scope 1	23.83 tCO_2e
Scope 2	443.83 tCO_2e
Scope 3	7,554.49 tCO_2e

While progress on measurement is positive, the next step is to translate improved data coverage into clear reduction targets and pathways.

44. Data coverage across all reported emissions is 94.2%. 5.8% of reported Scope 3 emissions comes from district heating, for which benchmarked data was used.

SOCIAL IMPACT PRIORITY 4:

PARTNERSHIPS

The business continues to work with high-quality partners and drive strong performance through active management and consolidation, while developing its platform and partnerships to improve consistency and sector impact.

To assess the Partnerships social impact priority, we consider whether the business is effectively partnering with high-quality Management Providers, Registered Providers, developers, local authorities, and communities. We also assess impact on the wider housing sector.

MANAGEMENT PROVIDER QUALITY

MANAGEMENT PROVIDER	NUMBER OF HOMES (OPERATIONAL AND PIPELINE)	REGULATOR RATING[45]	IMPROVEMENT
CHP	558	G1 V2	N/A
Coastline Housing Limited	86	C1 G1 V2	First Consumer rating
Flagship Homes[46]	810	G1 V1	Interim Viability rating upgraded
Great Places Housing Group	477	C1 G1 V2	Consumer rating upgraded
Pinnacle Group[47]	5,041	C1 G1 V2	First Consumer rating
Southern Housing	1,712	C2 G1 V2	N/A

The business continues to work with financially robust and operationally capable partners, as evidenced by strong regulator ratings. Its own RPs have achieved the highest ratings of C1/G1/V1, reflecting strong governance and viability alongside compliance with the Regulator's consumer standards.

Insights from Management Providers – particularly Pinnacle, which manages almost 50% of the portfolio's operational homes – indicate that the business maintains a highly engaged and performance-driven approach. They highlighted regular operational and KPI-focused engagement, clear expectations, and access to data and operational support. While the business is viewed as more demanding than some other funders, this was considered by many as positive in driving an ambitious approach.

However, one MP described a relatively recent shift in its relationship approach from trust-based collaboration and support, towards compliance and challenge.

The business should maintain its strong performance focus and rigour, while ensuring its partnership approach continues to support collaboration, learning and problem-solving with Management Providers, including taking a more listening-led approach where appropriate.

Partner Consolidation and Contract Renewals

The business continued to reduce its number of strategic partners in 2025, including beginning the process of transferring Southern homes to Pinnacle. While feedback indicates these transfers have been broadly well managed, they have introduced operational complexity at scale – particularly in onboarding stock, resolving legacy defects, and integrating data. In some cases, Management Provider service charges have increased, reflecting differences in provider cost structures. Although resident disruption appears limited, this underscores the challenge of maintaining consistency in costs and service delivery during portfolio restructuring.

45. Gradings from the Regulator of Social Housing assess the extent to which providers meet requirements for Governance, Viability and Consumer standards, where 1 and 2 are deemed satisfactory/adequate and 3 and 4 indicate regulatory concern. Consumer standards were introduced in 2024 and inspections have not yet been undertaken for all RPs.
46. Flagship Homes is graded under Bromford Flagship LiveWest Limited by the Regulator of Social Housing.
47. Pinnacle Group is graded under Hyde Housing Association Limited by the Regulator of Social Housing.

Rollout of Brolly

The rollout of Brolly has progressed across the portfolio, improving data visibility, reporting, and resident interaction. However, feedback—particularly from Pinnacle—highlights operational challenges, including manual workarounds and duplication due to limited system integration, as well as low resident adoption. While Brolly shows potential, further development is needed to deliver efficiencies at scale.

Cross-Partnership Learning

The business has continued to facilitate cross-partnership learning, primarily through Brolly-related sessions that enable partners to share experiences and support onboarding. There is an opportunity to extend this approach beyond system implementation to broader operational challenges. Feedback from partners highlights common issues across the portfolio, including contractor availability, management of legacy defects on transferred schemes, and variability in resident experience. In response, the business has introduced MP working groups, holding two in 2025 with a further two planned in 2026. These focus on sharing good practice for the benefit of L&G residents. This should help leverage insights from partners and drive more consistent performance across the portfolio.

PARTNERING WITH OTHER STAKEHOLDERS

Registered Providers

As outlined on page 18, the business has progressed its strategy to partner with RPs to support sector recapitalisation, improve existing stock, and enable delivery. We will continue to track this as the approach evolves in future impact reporting.

Local Authorities

The business can partner effectively with local authorities by bringing capital at scale and pace and driving high standards. Feedback from Birmingham City Council highlighted the business's pace, professionalism and willingness to challenge constructively as key strengths. At Perry Barr, this contributed to a more dynamic working relationship. This suggests value addition not only through capital, but through partnership approaches, with an opportunity to build on this by engaging as early as possible in scheme development.

Developers

The business plays an important role in supporting delivery in developer-led schemes, particularly where market capacity constraints mean developers need a purchaser for Affordable homes. As highlighted by developer feedback, its ability to transact at pace and deploy capital at scale can help progress transactions that might otherwise be delayed or restructured.

The business sets sustainability expectations for developer partners and seeks to influence design and specification wherever possible. However, its ability to shape wider social value outcomes is more limited in later-stage Section 106 transactions. As a result, it is increasingly seeking opportunities to engage earlier in the development process, including through grant-funded schemes and strategic partnerships where it can influence developments from the concept stage.

Local communities

The business's approach to resident engagement is strong once homes are operational. However, engagement with local communities before and during development is more limited and often led by developers or local authorities, where it can be more procedural than meaningful. This partly reflects structural constraints, as scheme design and allocations are typically set through planning and local authority processes, limiting direct community influence. However, there remains an opportunity to set higher standards in land-led schemes, build strong partnerships and draw on good practice in developer-led schemes, and establish consistent minimum expectations across the portfolio.

KEY INDICATOR

SOCIAL IMPACT PRIORITY	METRIC	2022 (BASELINE)	2024	2025	CHANGE FROM 2024 TO 2025
Partnerships	RSH Rating of partner MPs	All MPs graded G1/ V2 or above, where ratings are available	All MPs graded G1/ V2, where ratings are available	All MPs graded at least G1/V2	2 MPs now C1, 1 is C2, and 1 is now V1

Contribution to impact

- **Performance management and accountability:** The business monitors MP performance through structured KPI reporting and actively intervenes where standards are not met.
- **Driving service consistency (Brolly):** It mandates use of Brolly to standardise service delivery and strengthen direct oversight of customer experience.
- **MP selection, oversight and transitions:** It selects, manages and, where needed, replaces partners based on performance and alignment, with structured processes to ensure continuity during transitions.
- **Developer and Local Authority partnerships:** The business works with developers and local authorities to unlock and deliver schemes that may not otherwise proceed.

OUTCOME: STRONGER SECTOR PRACTICES AND IMPROVED DELIVERY THROUGH PARTNERSHIPS

The business contributes to the affordable housing sector through its role as a scaled institutional investor, supporting delivery, strengthening operational standards, and developing new partnership models. We expect this to see significant development in the coming year. Its approach to Management Providers– consolidation, active performance management, and shared systems – has improved consistency and accountability across the portfolio.

The business is beginning to play a broader role through evolving partnership models with traditional housing associations, supporting recapitalisation and positioning it as a long-term sector partner.

However, there is scope to increase its wider influence on sector practices, particularly in developer engagement, community involvement, and shared ownership, as this still remains limited. As its platform matures, there is an opportunity to take a more proactive leadership role and set clearer expectations across partners.

SOCIAL IMPACT PRIORITY 5:

RESPONSIBLE PROCUREMENT

The business has the potential to deliver social value through its supply chains, but its approach to responsible procurement remains compliance focused.

It exercises limited expectations across its developments and ongoing portfolio management. We continue to recommend that this is addressed in the coming year, including through a broader strategy considering how it partners with developers.

IMPROVED SOCIAL AND ETHICAL STANDARDS ACROSS THE SUPPLY CHAIN

While the business has taken initial steps to support responsible procurement, including a Supplier Code of Conduct and contractual requirements for developers to comply with the Modern Slavery Act 2015 and Minimum Living Wage legislation, progress remains limited and largely unchanged from previous years. L&G also requires reasonable evidence of compliance and independently audits 50% of directly delivered schemes.

To move forward, it should prioritise the development of a clear strategy, including defined standards, measurable targets, and mechanisms to embed these across both development and operational supply chains. As part of this, the business will track the proportion of supply chain jobs covered by fair payment policies, including the Real Living Wage.

CASE STUDY: SALHOUSE ROAD, NORFOLK[48]

Key scheme characteristics

Location:	Norfolk
Homes:	91 operational homes 60% Affordable Rent, 40% Shared Ownership
Management Provider:	Flagship
Practical completion:	2023-2025

Overview

Salhouse Road forms part of the Section 106 provision within a major development on the outskirts of Norwich. Homes are described as spacious and of good quality. The scheme is close to local amenities and benefits from nearby bus access, although most residents rely on cars. Flagship representatives reported that the scheme has been popular, with residents generally satisfied and well settled.

Clara's story[49]

Clara moved into her three-bedroom Affordable Rent home with her two children, both of whom have additional needs, following three months in temporary accommodation after a relationship breakdown. She works part-time, with Universal Credit covering her rent.

She spoke very positively about her home, highlighting its quality, warmth and the prompt resolution of minor issues. She also values the area and her neighbours. "I only have good stuff to report [...] it's nice and keeps the heat in." She described a significant improvement in her wellbeing since moving, noting greater stability and a sense of safety. "It's nice to be safe."

Laura's story[50]

Laura previously rented privately with her partner and daughter. Following a relationship breakdown, she experienced rising costs and spent 18 months on the waiting list while in recovery from a period of addiction.

She described her new 2-bed Affordable Rent home as significantly better value and quality than her previous accommodation and said it has supported her recovery and stability. She particularly values the safety, energy efficiency and ability to personalise the space.

"It's mine – I feel like it's my home."

48. This case study is illustrative – descriptive and designed to add realism and depth. Its purpose is to illustrate L&G's developer-led model.
49. Real name not used.
50. Real name not used.

5 / IMPACT RISK

Impact risk considers the likelihood that impact will not be achieved as intended, and whether the difference will be material from the perspective of those being impacted. We have analysed potential impact risks affecting L&G using the Impact Frontiers' impact risk assessment framework. Of the ten impact risk categories, we have assessed the following as the most pertinent to the business.

IMP IMPACT RISK TYPE	LIKELIHOOD	SEVERITY	DESCRIPTION	SUGGESTED MITIGATION
External risk The probability that external factors disrupt LGAH's ability to deliver the impact	Medium	Medium	**Supply:** Macroeconomic conditions, including inflation and viability pressures, constrain delivery. Delays limit the pace new homes are brought forward.	Continue to diversify delivery routes, including land-led and grant-supported schemes, and maintain flexibility in capital deployment.
	Medium	High	**Affordability:** Rising service charges and cost of living pressures risk resident affordability, particularly in schemes where it has limited control over third-party costs. This may undermine financial wellbeing.	Continue to apply and refine affordability criteria; transparent communication with residents; actively engage managing agents and freeholders to monitor/ challenge cost increases.
Execution risk The probability that the activities are not delivered as planned or do not have the desired outcome	High	Medium	**Complaint handling and service delivery:** Operational reliance on Management Providers risks inconsistent complaint handling and service responsiveness. This risks negatively impacting resident wellbeing and may destabilise partnerships.	Continue to strengthen oversight of Management Providers; embed learnings from resident feedback; ensure resourcing and processes are in place to improve speed and quality of complaint resolution.
	Medium	High	**Management Provider concentration:** A significant and growing proportion of the portfolio is managed by Pinnacle. While this provides efficiencies and consistency, it creates concentration risk if Pinnacle performs poorly.	Maintain active oversight; ensure clear service standards and escalation mechanisms. Retain a diversified partner base where feasible and periodically review concentration risk at portfolio level. Develop contingency plans.
	Medium	High	**Operational scaling and partner performance:** Rapid portfolio increases pressure on Management Providers and systems, creating risk of inconsistent service delivery and resident experience.	Maintain strong partner selection and monitoring processes; invest in operational capacity and systems; continue to standardise service expectations across partners.
	Medium	Medium	**Acquisition strategy and shift in delivery model:** The emerging acquisition strategy supports portfolio growth and market opportunity, but may reduce the business's direct contribution to increasing housing supply. Acquired homes are likely older or lower-performing. Transitioning residents into new ownership structures may put outcomes at risk.	Clearly articulate the role of acquisitions within the overall impact strategy; set targets for improving the quality and sustainability of acquired homes; ensure robust due diligence on asset condition. Develop a clear resident communication and engagement strategy during transitions to minimise uncertainty.
	Medium	Medium	**Sustainability and design influence:** The business's ability to drive higher sustainability standards is more limited in developer-led schemes. As the portfolio grows, there is a risk that overall impact is diluted if a large proportion of homes are delivered through routes with less control over specifications.	Continue to push for enhanced specifications in developer-led schemes; prioritise land-led opportunities where feasible; embed sustainability requirements earlier in the development process.
Inequity risk The probability that impact is not distributed equitably across target groups	Medium	Medium	**Targeting and affordability:** Some homes, particularly shared ownership in higher-cost areas, may be less accessible to lower-income households. There is a risk that impact is weighted towards moderate-income groups rather than those in greatest need.	Continue to increase focus on social rent and lower-cost tenures; review portfolio mix and targeting; ensure alignment with affordability objectives and local housing need.

6 / CONCLUSION

Legal & General Affordable Homes Division has had a strong year, continuing to deliver meaningful social impact despite a slower pace of completions. Its growing portfolio and strengthened pipeline underline its important role in unlocking affordable housing, with clear additionality through its scale and flexible delivery model. Progress this year is particularly evident in the increased focus on social rent, better targeting those in greatest need, alongside a strong and evolving resident offer supported by good housing quality and more proactive engagement.

The business also continues to drive innovation across its transactions and resident services, with initiatives such as Neighbourhood and Harbour reflecting a more holistic approach to supporting wellbeing and affordability. As it scales, it is well placed to build on these strengths, with a solid foundation in both delivery and resident outcomes that positions it to sustain and deepen its impact.

7 / APPENDIX

APPENDIX 1 – METHODOLOGY

The findings in this report are based on a mix of quantitative and qualitative data. This includes:

- Portfolio data, resident survey data, and other documents provided by the business.
- Interviews with two Management Providers with operational homes.
- Interviews with c.10 staff.
- Interviews with other stakeholders: one developer, two local authorities.
- Site visits to five schemes, where we spoke to 2-3 residents at each, as well as on-site Management Provider staff.

Research was carried out between January and April 2026. Data relates to 2025.

DATA SOURCE / EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Portfolio data	Portfolio data provided to TGE. This included unit-level information for all operational and secured pipeline properties in the portfolio, such as address, tenure type, rent charges, completion date, square footage, and EPC ratings.	Low	Reliant on accuracy of information provided.
Customer survey data	Results from several resident surveys have been included: 12-month post completion survey, and Tenant Satisfaction Measures (1000 respondents).	Medium	Reliant on accuracy of data provided by residents, and that samples are representative across the portfolio.
Documents provided by the business	Range of strategy and performance documents about approach and activities.	Low	Reliant on accuracy of information provided.
Interviews with staff	Interviews carried out with members of the team, to find out about performance, activities and areas of focus.	Low	Reliant on accuracy of information provided. Interviewees were transparent when answering questions.
Interviews with Management Providers	Interviews with two operational Management Providers, to find out about relationship with the business, perceptions of operations, and specific schemes and their residents.	Low	Reliant on accuracy of information provided. Interviewees were transparent when answering questions.
Interviews with other stakeholders	We spoke to developer partners and two local authorities to understand experience of working with the business and perceptions of their operations.	Medium	Reliant on accuracy of information provided. Interviewees were transparent when answering questions.
Customer interviews (on site and virtual)	Residents were chosen by property managers or selected randomly based on availability. Interviews lasted between 10 minutes and half an hour.	Medium	Reliant on accuracy of data provided by residents, and that experiences are representative across the portfolio.

APPENDIX 2 – THE SUSTAINABILITY REPORTING STANDARD FOR SOCIAL HOUSING (SRS)

THEME	CRITERIA	LGAH DISCLOSURE
Theme 1: Climate	**C1:** Distribution of EPC ratings of the housing provider's existing homes (those completed before the last financial year).	– % of homes rated A: 2.30% – % of homes rated B: 91.90% – % of homes rated C: 5.60% – % of homes rated D: 0.70% – % of homes rated E or worse: 0.20%
	C2: Distribution of EPC ratings of the housing provider's new homes (those completed in the last financial year).	– % of homes rated A: 5.70% – % of homes rated B: 94.30% – % of homes rated C or worse: 0.00%
	C3: Does the housing provider have a Net Zero target and strategy? If so, what is it and when does the housing provider intend to be Net Zero by?	Yes. LGAH has a target of all new homes being delivered being Net Zero Carbon in operation by 2030. This is set out in its 'Road Map to Net Zero Carbon Ready by 2030'. The timeline to achieve this goal includes decarbonisation and retrofit strategies, and targets for EPC ratings and phasing out gas boilers.
	C4: What progress has the housing provider achieved in the last 12 months towards its Net Zero targets and strategy? What retrofit activities has the housing provider undertaken in the last 12 months in relation to its housing stock?	LGAH strengthened its approach to phasing out fossil fuel heating, with the permitted share of new contracted homes with gas boilers reducing from 50% in 2025 to 25% in 2026, and zero from 2027. It also completed its first Net Zero Carbon operational scheme and has pushed for non-gas heating where it has sufficient influence, including converting Wainfleet from gas to air source heat pumps. No material retrofit works were undertaken in the last 12 months, although LGAH is developing its retrofit strategy and assessing opportunities linked to future acquisitions of older stock.
	C5: Scope 1, Scope 2 and Scope 3 Green House Gas emissions	– Scope 1 tonnes CO_2 equivalent: 23.83 – Scope 2 tonnes CO_2 equivalent: 443.83 – Scope 3 tonnes CO_2 equivalent: 7,554.49
	C6: Has the housing provider mapped and assessed the increased flood risks to its homes caused by climate change in the last 2 years? How is the housing provider mitigating these risks?	Yes. LGAH assesses flood risk as part of scheme due diligence and portfolio monitoring. The majority of its portfolio is located in Flood Zone 1, and development in Flood Zone 3 is generally avoided unless strategic infrastructure is in place to mitigate the associated risks. Flood risk is mitigated through scheme selection, due diligence and design. Where LGAH has greater control through direct delivery, it also considers wider climate resilience through design, including overheating risk, ventilation, orientation and window size. LGAH has also updated its specification to reduce water demand from new development, supporting resilience to future water stress.
	C7: Has the housing provider mapped and assessed the increased water stress risks to its homes caused by climate change in the last 2 years? How is the housing provider mitigating these risks?	LGAH has reviewed its specification to reduce water demand from new development, which supports mitigation of future water stress risk.
	C8: Has the housing provider mapped and assessed the increased overheating risks to its homes caused by climate change in the last 2 years? How is the housing provider mitigating these risks?	LGAH considers overheating risk through scheme design, particularly for direct delivery schemes, which primarily consist of low-rise dwellings. Design factors such as window size, orientation and ventilation are considered to help reduce overheating risk.
Theme 2: Nature	**C9:** Does the housing provider have a strategy to enhance green space and promote biodiversity on or near homes?	LGAH has limited authority over expanding green spaces due to land ownership. However, all existing green spaces will be retained and maintained. All new development complies with BNG regulations and seeks improvement where possible.
	C10: Does the housing provider have a strategy to identify, manage and reduce pollutants that could cause material harm? If so, how does the housing provider target and measure performance? If planning to develop one, when does the housing provider expect it to be established?	During the acquisition stage, due diligence is conducted to determine if any ground contamination or gas presence is identified and addressed to ensure the safety of internal air quality. No targets are set as contamination is addressed prior to occupation.

THEME	CRITERIA	LGAH DISCLOSURE
Theme 3: Resource Management	**C11:** Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building and repairs works? If so, how does the housing provider target and measure performance? If planning to develop one, when does the housing provider expect it to be established?	LGAH does not directly procure building materials but promotes the use of sustainable materials, such as timber from "FSC/PEFC" i.e. Programme for the Endorsement of Forest Certification, to suppliers.
	C12: Does the housing provider have a strategy for waste management incorporating building materials? If so, how does the housing provider target and measure performance? If planning to develop one, when does the housing provider expect it to be established?	Suppliers are encouraged to divert construction waste from landfill and their performance is monitored annually.
	C13: Does the housing provider have a strategy for water management? If so, how does the housing provider target and measure performance? If planning to develop one, when does the housing provider expect it to be established?	Recently revised specifications should deliver below 110 lpppd, well below Building Regulations (125lpppd). Water demand from the house is monitored annually.
Theme 4: Affordability	**C15:** For properties that are subject to the rent regulation regime, report against ONE OR BOTH of the following Affordability metrics:	– % of PRS rent (e.g. 80%): 67.0% – % of LHA rent (e.g. 90%): 94.0%. The reason for the 94% (which looks to be a high %) is due to a combined average across SR and AR, and over the past year LGAH have delivered a high concentration of AR, so this has driven the % up. Likely this will taper now with more SR over the coming years.
	C16: Number of existing homes (owned and/or managed) completed before the last financial year allocated to:	– # of General Needs (social rent) units: 553 – # of Intermediate Rent units: 125 – # of Affordable Rent units: 2471 – # of Low-cost Home Ownership units: 2857
	C17: Number of new homes (owned and/or managed) completed in the last financial year allocated to:	– # of General Needs (social rent) units: 154 – # of Affordable Rent units: 286 – # of Low-cost Home Ownership units: 248
Theme 5: Building Safety and Quality	**C19:** Describe the condition of the housing provider's portfolio, with reference to:	– % of homes (with gas safety checks): 100.0% – % of homes (meeting fire safety regulations): 100.0% – % of homes (with electrical safety checks): 100.0%
	C21: How do you manage and mitigate the risk of emergency hazards, including damp and mould? How do you reduce the likelihood of damp and mould hazards occurring?	All homes are assessed against a robust quality criteria before handover to ensure quality standards are met and to prevent exposure to damp and mould. LGAH has a specific Damp and Mould policy in place which sets out the approach to identification and management when it occurs. LGAH reports volume and performance to RP Boards quarterly.

THEME	CRITERIA	LGAH DISCLOSURE
Theme 6: Residents and Community	**C22:** What are the results of the housing provider's most recent tenant satisfaction survey? How has the housing provider acted on these results?	% of residents satisfied: 70.0% LGAH's Tenant Satisfaction Measures survey April 25 to March 26 resulted in an overall satisfaction score of 70%. This was a reduction of 2% from the previous year.
	C23: What arrangements are in place to enable residents to hold management to account for the provision of services?	LGAH has a Board-approved Customer Engagement Policy structured around a three-stage cycle: Listen, Inform, Evolve. This creates a continuous feedback loop through resident perception surveys, service-specific surveys and engagement with the Customer Panel. Resident feedback is used to identify where services may be falling short, develop and test proposed improvements, and inform changes to the service offer. Progress is reported externally through the Customer Annual Report. LGAH's Boards receive customer insight at each Board meeting, while the Risk and Audit Committee undertakes regular service-area deep dives, drawing on independent assurance sources including direct customer feedback.
	C24: Report ONE OR BOTH of the following quantitative metrics: – % of Stage 1 and Stage 2 complaints responded to within target timeframes (varies by nation). – Average time in working days to respond to Stage 1 and Stage 2 complaints. How have reported complaints resulted in change of practice within the housing provider?	We strengthened oversight of Management Provider partners through regular performance reviews, improving accountability and consistency in complaint handling. We improved complaint processes and response times to ensure issues are addressed more quickly and customers receive clearer, timely updates. We used complaint insight and Ombudsman learning to drive service changes, including process improvements to prevent repeat issues. We increased transparency and customer involvement by reviewing our complaints policy with customers and launching the Customer Voice Panel to shape ongoing service improvements.
	C25: In the last 12 months, what additional support have you provided to your tenants? Please include support across any of the following areas, as well as any other relevant services: – Employment and skills – Wellbeing and mental health – Vulnerable tenants	We have expanded our offer through Neighbourhood by L&G, providing customers with access to a national digital wellbeing and health platform to support everyday living and long-term wellbeing. We are strengthening our approach to diverse needs through improved data collection and centralisation, using proactive engagement to build a more complete understanding of our customers. This enhanced insight enables us to tailor services more effectively and ensure vulnerable customers receive the right support at the right time. We are also developing our outreach service (Harbour), delivering proactive support across three key areas: tenancy support, financial resilience, and employment and skills, helping customers sustain their tenancies and improve outcomes.
	C26: In the last 12 months, what interventions has the housing provider made to foster stronger communities and places, considering both: – Physical changes to shared spaces or public realm – Events, activities, and signposting	In 2025/26, L&G strengthened its approach to resident engagement and community investment, introducing local events to build community connection. The first event in Perry Barr, Birmingham attracted over 100 residents and received positive feedback. L&G also worked with partners to establish a corporate community fund, enabling customers to access grants for local improvements, and continued to support mixed, sustainable communities through partnership working and multi-agency approaches to local issues.
	C27: How is social value creation considered when procuring goods and services? What measures are in place to monitor the delivery of this Social Value?	All procurement undertaken within affordable homes follows L&G group procurement processes. During an activity undertaken in H2 2025 seeking new management providers Social Value feature across a range of the evaluation criterias used in the assessment. Social value is embedded within our procurement processes in line with L&G Group policy, with consideration given to a broad range of factors including diversity and inclusion, modern slavery prevention, environmental impact and carbon reduction, payment of the real living wage, and support for skills and apprenticeships. These requirements are reflected in our supplier code of conduct, with all suppliers expected to confirm compliance as part of the procurement process. Social value is assessed qualitatively as part of tender evaluations, with weighting varying depending on the specific procurement, and delivery is monitored through ongoing supplier oversight and governance.

THEME	CRITERIA	LGAH DISCLOSURE
Theme 7: Structure and Board	**C28:** What is the housing provider's most recent regulatory grading/status?	C1/G1/V1 (All L&G entities).
	C29: Explain how the housing provider's board manages ESG risks. Are ESG risks incorporated into the housing provider's risk register?	The Board ensures that the company operates within a system of internal control, with business risks identified through a system of continuous monitoring. The Risk Control Framework includes: The Risk and Audit committee, Risk Appetite Statements, and Internal Audit. The Risk Control Framework is reported annually within LGAH's Financial Statements.
	C30: Has the housing provider been subject to any adverse regulatory findings in the last 12 months (data protection breaches, bribery, money laundering, HSE breaches etc.) that resulted in enforcement or other equivalent action?	No
	C31: How does the housing provider ensure it gets input from a diverse range of people into the governance processes?	– 29% of board are women – 0% of board are BAME – 0% of board are residents – Average age of board members is 56 years – Average board tenure for current members is 2.5 years. The Investment Manager has appointed a customer scrutiny panel (Customer Voice) which currently includes eight shared ownership customers and three rented customers from across the UK, to obtain feedback on the performance of the Investment Manager through service reviews. The panel then makes recommendations for improvement through a report. The Investment Manager then reports back to the board via regular Performance Reports, and develops an action plan in response. Additional rented customers are currently being recruited. Each year the board holds a customer immersion session where customers are invited to attend and feed back their thoughts and opinions on the services they receive directly to the board and senior executives of the Investment Manager. An action plan follows this to ensure key improvements are made. The board has adopted a Board Diversity Statement and EDI targets and instructed the Investment Manager to adopt and report on these. These also inform recruitment processes, and the board frequently discusses diversity. Reporting is brought regularly to the board as part of the Performance Report. The board received an update on EDI at the February 2025 board meeting.

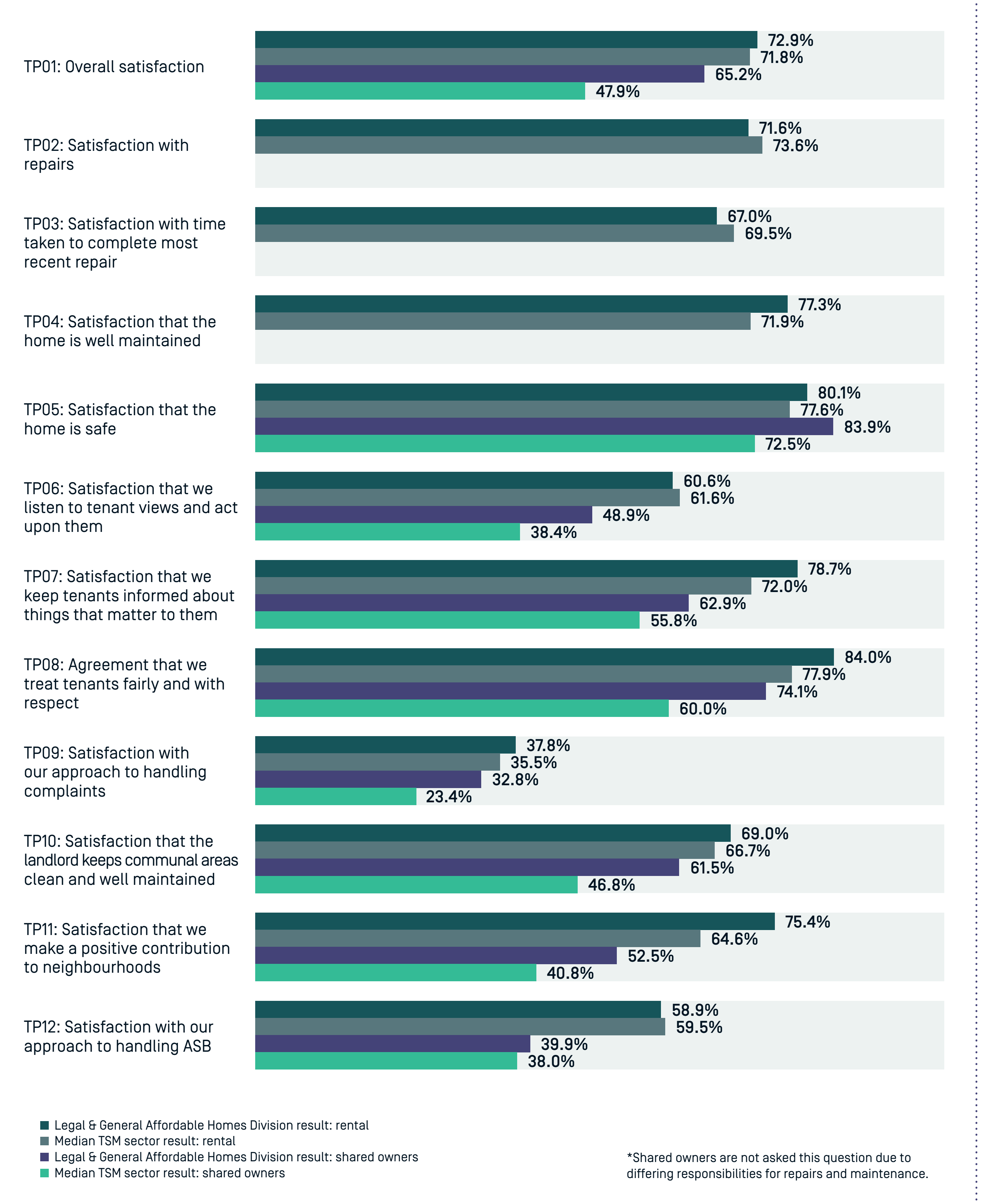
THEME	CRITERIA	LGAH DISCLOSURE
Theme 7: Structure and Board	**C32:** Does the housing provider have policies that incorporate Equality, Diversity and Inclusion (EDI) into the recruitment and selection of board members and senior management? How do they do this?	Yes. **1. Building a diverse and inclusive Board** We have a responsibility to develop and sustain a panel of Board members that are diverse and are reflective of our people as well as the businesses and communities that our organisation serves. All appointments to the Board are based on the impartial evaluation of knowledge, skills, experience and representation gaps across the membership. This gap analysis is routinely conducted by relevant boards which review the composition of the Board and make relevant recommendations to the Board for any changes. This evaluation also takes account of succession plans to ensure a sustainable pipeline of diverse Board talent. Both appointments and succession plans should be based on merit and objective criteria and should promote diverse representation, inclusion and equal opportunity, as referenced in Principle J of the UK Corporate Governance Code (2024). **2. Building a diverse and inclusive senior leadership team** Achieving inclusive ways of working across Legal & General Group's senior leadership requires policies, processes, and practices that seek to reduce barriers and bias to performance, particularly in areas of hiring, promotion and development. It is an important function of the Board to routinely sense check and challenge these ways of working to ensure they remain fit for purpose and to hold members of the executive to account in their ongoing application, and to enable a company culture that promotes integrity and openness, values inclusion, and is responsive to the views of shareholders and wider stakeholders. Developing a diverse executive pipeline increases diversity at senior levels of the company and greater transparency about the make-up of the workforce also supports this, as outlined in the UK Corporate Governance Code (2024). The Board continues to support the FTSE Women Leaders Review voluntary recommendation. We also continue to support the Parker Review recommendations for FTSE 350 companies.
	C33: What % of the housing provider's Board have turned over in the last two years? What % of the housing provider's Senior Management Team have turned over in the last two years?	– % of Board: 29.0% – % of Management Team: 43.0%
	C34: Number of board members on the housing provider's Audit Committee with recent and relevant financial experience.	# of board members: 3 The Chair was Head of Operations and Strategy, Internal Audit at RBS and Chief Auditor at International Bank of Qatar. Other Board members was a partner at Slaughter & May law firm. Both have extensive iNED experience.
	C35: What % of the housing provider's board are non-executive directors?	% of board: 57.0%
	C36: For how many years has the housing provider's current external audit firm partner been responsible for auditing the accounts?	# of whole years: 8.00
	C37: When was the housing provider's last independently-run board-effectiveness review?	25/09/2025
	C38: How does the housing provider handle conflicts of interest at the board?	The LGAH Board operate under the L&G Group Plc Director Conflicts of Interest Policy. This policy works to identify and manage conflicts of interest. Additionally, a Conflicts Register is kept up-to-date and a report on conflicts of interest is conducted annually. In addition, in accordance with the Group Conflicts of Interest Policy, each RP Board has approved a Conflicts of Interest Register and a Conflicts of Interest Practice Note.

THEME	CRITERIA	LGAH DISCLOSURE
Theme 8: Employees	**C39:** Does the housing provider pay the Real Living Wage?	Yes
	C40: What is the housing provider's median gender pay gap?	30.2%
	C41: What is the housing provider's CEO: median-worker pay ratio?	The Group CEO: median-worker for 2025 was 43:1. Please note this applies to the CEO of L&G. Please see further information on pay ratio in relation to the Group CEO on p109 of our Annual report and accounts 2025.
	C42: How is the housing provider ensuring equality, diversity and inclusion (EDI) is promoted across its staff?	At a Group level, our Inclusion and Wellbeing (I&W) strategy is about fostering a dynamic, multi-faceted and thriving workforce. Bringing together colleagues from different lived experience and with different ways of thinking enables us to build an inclusive culture, strengthen our teams, and enrich our insights into client needs and investment strategies. Our approach to I&W is broad and multidimensional and inspired by the desire to drive change. We have clear goals which are centred around four key principles that help identify and prioritise our initiatives: talent, culture, measuring and community. We aim to ensure people feel included, long before they officially join us as employees. Our recruitment and onboarding processes are intentionally designed to be open, accessible, and welcoming to everyone, reflecting our commitment to fairness and transparency. More information can be found in our Social impact report 2025 p40. We are committed to a long-term goal of gender parity across our workforce, and to increase the representation of women on the board and in senior leadership. To recognise our commitments, and to measure progress in relation to the diverse representation of our people, we currently have goals in place in relation to gender and ethnicity, and hope as disclosure rates increase that we can better monitor representation of other diversity dimensions. We are also committed to the FTSE Women Leaders Review, the Parker Review, the FCA Listing Rules and are also signatories of the Women in Finance Charter, a UK government backed initiative designed to improve gender diversity in senior management across the financial services sector. We have seen consistent improvement in senior female representation year on year since signing the Women in Finance Charter in 2018 and currently have 37% senior female representation and continue to aspire to meet the goal of 40% senior female representation. In the UK, we also report on gender and ethnicity pay gap. We work with external bodies to help us develop our understanding of issues connected to inclusion and wellbeing as well as partnerships. We seek to recognise our, and our people's successes by engaging with industry awards and recognitions. More can be found on p40 of our Social impact report 2025. We involve our people in inclusion through our employee networks which foster open dialogue and raise awareness relating to the respective dimensions they represent, allowing colleagues to connect and build communities. You can find more on our Group website and in our Social impact report 2025 here (p39-47).

THEME	CRITERIA	LGAH DISCLOSURE
Theme 8: Employees	**C44:** What activity has the housing provider undertaken over the last 12 months to support the professional development of its staff? What impact has this had on staff and the wider organisation?	We're committed to investing in our people for the long-term. Providing access to learning and development opportunities helps ensure that our people have the skills, knowledge, and behaviours needed to deliver strategic priorities and adapt to change. It also benefits them personally by building skills and confidence, improving career progression and employability, and increasing job satisfaction. In 2025, L&G Group invested £6.2mn in people development and focused on developing our people in three main ways: – Linking learning to business strategy – Building a more connected learning culture – Making learning easier to access. Specific developments for the year included: – Over 5% of our workforce were completing an apprenticeship. In 2025 we introduced an AI for Business Value apprenticeship for 50 colleagues. – Our 'Elevate your Career' programme continued to help emerging talent develop core leadership skills, boost earning potential and help build a sustainable pipeline of future leaders. – We introduced a single, Company-wide Leadership Development Pathway – We improved efficiency and impact by standardising our leadership team effectiveness programmes. We always keep our people's technical and regulatory knowledge up to date with a rolling programme of annual online training on various topics. More detail and information about how the Group helps develop our people can be found in our Social impact report 2025 p44.

APPENDIX 3 – TENANT SATISFACTION MEASURES (FULL RESULTS)

Figure 16: Legal & General Affordable Homes Division TSM results, by tenure type, against sector results



NOTES

NOTES

THE GOOD ECONOMY

About Us

The Good Economy is a leading, independent impact advisory firm. We exist to accelerate the transition to a good economy, where financial systems deliver not just returns but better outcomes for society. We support fund managers, asset owners, allocators and public authorities to align investment decisions with purpose, embedding impact into how economic investment is allocated and governed. By working through established systems, we shape how value is defined, how markets behave, and what good investment looks like – helping our clients lead with integrity and drive meaningful change.

4 Miles's Buildings, Bath BA1 2QS

Scott House, Suite 1, The Concourse,
Waterloo Station, London SE1 7LY

+44 (0) 1225 331 382
info@thegoodeconomy.co.uk

www.thegoodeconomy.co.uk