ANNUAL REPORT AND FINANCIAL STATEMENTS

for the Year Ended

31 March 2026

Lowther Homes Limited

Registered number SC402836

STRATEGIC REPORT

The Board of Director's present their strategic report for the year ended 31 March 2026.

Principal activities

Lowther Homes Limited ("Lowther" or "the Company") is a wholly owned subsidiary of Wheatley Housing Group Limited ("Wheatley Group"). It provides mid and full-market rent homes to let, alongside property management and maintenance services for homeowners.

At 31 March 2026, Lowther owned 1,490 mid and full-market rent homes across communities from Inverkip to Leith. It also managed a further 1,633 mid-market rent homes and 13 full-market rent homes owned by fellow Wheatley Group subsidiaries: Wheatley Homes Glasgow Limited ("WH Glasgow"), Wheatley Homes East Limited ("WH East"), Wheatley Homes South Limited ("WH South") and Loretto Housing Association Limited ("Loretto").

Lowther also provides property management services to more than 27,000 homeowners across Scotland's central belt and Dumfries and Galloway.

Annual highlights

This year marked the conclusion of our five-year strategy, *Your Home, Your Community, Your Future*. Over that period, Lowther has successfully navigated a range of significant challenges, including recovery from the Covid-19 pandemic, implementation of a new operating model, the cost-of-living crisis and increasing pressures linked to homelessness.

Despite this challenging context, Lowther ends the strategy period in a strong position. We remain financially resilient, continue to deliver excellent outcomes, and have seen customer satisfaction improve. This reflects the commitment and resilience of our staff and the strength of our 'Think Yes' culture.

The Wheatley Foundation Limited ("Wheatley Foundation", "the Foundation"), the Group's charitable arm, supported 144 customers in financial hardship during the year, created 162 jobs and training places, and provided wider support to Lowther customers and communities.

During the year, Lowther acquired 233 mid-market rent homes from WH Glasgow and WH East, further strengthening our asset base. We also built 12 new homes and invested £2.2m in improving existing homes. We generated a surplus before tax of £33.7m and donated £3.2 million of this in Gift Aid to the Wheatley Foundation.

As we begin the next stage of our journey under our new five-year strategy, *Making homes and lives better*, Lowther remains a high-performing organisation, well placed to respond to future challenges and meet the changing needs of our customers.

Key highlights from the year are set out below:

Our homes

By the end of the financial year, Lowther's portfolio had grown to 3,136 mid and full-market rent homes, across 13 local authority areas, an increase of 237 from the year before.

During the year, Lowther acquired 233 mid-market homes from WH Glasgow and WH East, supported by £23m of new funding arranged with Scottish Widows. This strengthened Lowther's asset base, while the proceeds will support further investment in the Group's social housing stock in Glasgow and the East.

STRATEGIC REPORT (CONTINUED)

Annual highlights (continued)
We also completed 12 new mid-market rent homes at Victory Lane, Wallyford in East Lothian. A further 226 new mid-market rent homes were completed by other Wheatley subsidiaries during the year and leased to Lowther. These included:

- 75 at Shawbridge Street, 33 at Calton Village and 10 at North Toryglen, Glasgow;
- 35 at West Craigs, Edinburgh;
- 61 at Wallyford, East Lothian; and
- 12 at Winchburgh, West Lothian.

One managed property owned by WH East was sold during the year.

By the end of 2025/26, 79% of Lowther's portfolio comprised mid-market rent homes, maintaining its position as one of the largest providers in this sector.

	Lowther Homes owned	**Leased from Group subsidiaries**
Mid-market properties	852	1,633
Full market properties	638	13
Total	1,490	1,646

Lowther invested £2.2m in its homes during the year. This included 38 new kitchens and window renewals at 92 properties, including new sash and case conservation windows at Woodside Terrace, Glasgow.

New business developments
Our property portfolio is expected to grow further next year, with the completion of the Victory Lane and Bellgrove developments, delivering 82 new mid-market rent homes. In addition, other Wheatley subsidiaries are expected to complete a further 41 new mid-market rent homes, which will be managed by Lowther in due course.

Our performance
Our letting performance remained strong during the year. Rent lost through empty or void properties was 1.2%, significantly below the target of 3.0%, representing £291k in financial terms. At the year end, Lowther's gross rent arrears were 2.8%, also below the 3.0% target. Average days to let remained low, at 8.26 days for full-market rent homes and 10.64 days for mid-market rent homes.

Performance in our property management activities also improved. Factoring arrears, measured as a percentage of common charges billed, reduced from 15.7% to 13.3%, below the 14.0% target. Collection performance strengthened in the final quarter, with arrears reducing by more than £80,000, and this improvement is expected to continue into next year.

Engaging with customers
We continued to engage with customers throughout the year, both online and in person. In 2025/26, the Lowther website attracted over 107,000 users, while our social media following increased to 2,622. We also received 84 customer enquiries through social media channels. Lowther customers were also represented on the Group Scrutiny Panel at the end of 2025/26.

Supporting our customers
The Wheatley Foundation created 162 jobs and training opportunities for people in our homes and communities during the year. It also supported 144 people experiencing financial hardship, helping them maximise their income, manage household costs and reduce outgoings. In addition, our advisors supported 10 Lowther customers with benefit claims, generating £19,500 of financial gain.

STRATEGIC REPORT (CONTINUED)

As well as this, we:

- provided recycled digital devices for three tenants through our Techshare initiative;
- awarded three people from our homes a bursary to go to college or university;
- helped 73 tenants with their rent through our Helping Hands fund; and
- helped 49 people access low-cost food through food larders.

The Wheatley Foundation programmes supported a total of 252 children and young people in our homes and communities during the year. This included:

- 46 young people at schools across Glasgow who received a 'wee bursary';
- 34 young people who took part in 'Dragon's Den'-style pitching through the Social Enterprise Academy;
- 121 young people who attended digital activities and classes through the Youth Access Learning Network;
- 31 young people who took part in taster sessions and site visits through Construction Aware; and
- collection of donations and other support to help 20 children enjoy Christmas.

FINANCIAL REVIEW

We reported a strong trading performance for the year, with a gross profit of £17.6m (2025: £21.7m) and an operating profit of £36.9m (2025: £8.7m) in the year.

While gross profit reduced year on year, this primarily reflected the lower grant income recognised on newly completed properties, with £0.9m recognised in 2026 compared with £6.3m in 2025.

The increase in operating profit was driven by non-cash accounting gains of £27.7m. This comprised £13.2m of grant income recognised on the acquisition of 233 mid-market rent properties from Group RSLs in the year and a £14.5m gain on the revaluation of investment properties, compared with a £5.2m revaluation loss in 2025.

Excluding other gains and losses and new-build grant income, operating profit was £8.2m (2025: £7.5m). This demonstrates continued strong underlying performance, particularly in property letting activities, which generated reliable operating margins and supported a £3.2m Gift Aid payment to the Wheatley Foundation during the year (2025: £3.4m).

Statement of Comprehensive Income

Turnover

Turnover for the year was £40.0m (2025: £41.1m), a decrease of £1.1m. This was primarily due to lower grant income recognised on newly completed properties, with £0.9m released from deferred income in 2026 following completion of 12 mid-market rent homes at Victory Lane, Wallyford, compared with £6.3m in 2025. This was partly offset by growth in the letting business, including the impact of rent uplifts to support ongoing investment priorities, and increased income from factoring and property management services.

Turnover from the residential letting business included £25.5m of rental income net of void losses (2025: £21.5m). The £4.0m increase in rental income was mainly driven by growth in the number of newly built mid-market rent homes leased from fellow Wheatley Group subsidiaries and managed by Lowther.

Management fees from Group RSLs for the management of their commercial properties were unchanged at £0.2m (2025: £0.2m).

STRATEGIC REPORT (CONTINUED)

Operating expenditure and finance charges

Operating expenditure increased to £30.8m in the year (2025: £27.3m), primarily reflecting higher mid-market lease costs, additional factoring activity and increased repairs expenditure:

- £22.3m cost of sales (2025: £19.5m) relating to the maintenance and lease costs of the property portfolio associated with the full and mid-market letting activities as well as the direct costs of delivering the factoring service; and
- £8.5m of administrative costs (2025: £7.8m) with inflation having an impact on our cost base and additional, one off, costs incurred in the year.

Finance charges totalled £3.2m (2025: £3.1m). Of this, £2.9m (2025: £2.9m) is in relation to the loan facility provided through the Group's commercial funding subsidiary, Wheatley Funding No. 2 Limited ("WFL2"), which is secured against our properties.

A charge of £0.3m (2025: £0.2m) is included within finance charges as required under FRS 102 in respect of unwinding of the deemed discount on the convertible loan instrument with Wheatley Homes Glasgow.

The Wheatley Foundation delivers certain charitable community programmes on behalf of Wheatley Group. During the year, these programmes were funded in part through WH Glasgow agreeing that interest receivable from Lowther would be paid directly to the Wheatley Foundation. This payment has been recognised as Gift Aid in Lowther's financial statements.

Lowther made a total gift aid payment of £3.2m (2025: £3.4m) to the Wheatley Foundation during the year.

Other gains recognised in Statement of Comprehensive Income

A gain of £14.5m was recognised on the revaluation of investment properties during the year (2025: loss of £5.2m). In addition, the acquisition of 233 mid-market rent properties from WH Glasgow and WH East on 30 March 2026 resulted in £13.2m of grant income being recognised. In accordance with FRS 102, these gains, totalling £27.7m, have been recognised in profit or loss through the Statement of Comprehensive Income.

Statement of Financial Position

Properties held for investment at 31 March 2026 were valued at £227.5m (2025: £173.3m). The increased valuation reflects 12 new mid-market rent properties that were completed during the year and 233 mid-market properties purchased from WH Glasgow and WH East. Properties were valued at 31 March 2026 by an independent valuer, Jones Lang LaSalle Limited.

Lowther reported net current liabilities of £13.4m at 31 March 2026 (2025: £5.8m). The increase mainly reflects deferred new-build grant income classified as falling due within one year, ahead of the expected completion of properties at the Victory Lane and Bellgrove developments.

By order of the Board

[redacted]

Manish Joshi, Director

16 September 2026

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the financial year ended 31 March 2026.

Directors

The Directors of the Company who were in office during the financial year and up to the date of the financial statements were:

Manish Joshi	
Neal Greer	
David Rockliff	
Paula Sharp	
Kerri McGuire	
Jacqueline Mallin	Resigned 24 October 2025
Bernadette Hewitt	Resigned 20 August 2025
Elizabeth McRobb	Appointed 20 May 2026

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

In accordance with Section 489 of the Companies Act 2006, and after a competitive tender process, a resolution for the re-appointment of KPMG LLP as auditor is to be proposed.

Principal risks facing the Company

The Board is responsible for assessing the risks facing Lowther. As a subsidiary of Wheatley Housing Group Limited, the principal risks are broadly similar to those facing the Wheatley Group and can be seen in the consolidated financial statements of the Wheatley Group.

By order of the Board

[redacted]

Manish Joshi, Director

16 September 2026

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board

[redacted]

Manish Joshi, Director

16 September 2026

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWTHER HOMES LIMITED

Opinion

We have audited the financial statements of Lowther Homes Limited ("the company") for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud;
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited opportunity and incentive for fraudulent revenue recognition and the limited judgement in respect of revenue recognition. We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.
- Assessing whether the judgements made in accounting estimates are indicative of a potential bias including assessing the assumptions used in the property valuations.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulation throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation(including related companies legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWTHER HOMES LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Wilkie

Michael Wilkie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

22 September 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 £'000	2025 £'000
Turnover	2	39,967	41,146
Cost of sales		(22,347)	(19,489)
Gross profit		**17,620**	**21,657**
Administration expenses		(8,474)	(7,842)
Other gains/ (losses)	4	27,709	(5,153)
Operating profit	3	**36,855**	**8,662**
Finance income	5	67	48
Finance charges	6	(3,249)	(3,138)
Profit before taxation		**33,673**	**5,572**
Tax (charge)/ credit	8	(4,993)	118
Profit for the financial year		**28,680**	**5,690**

All amounts relate to continuing operations.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2026

	Revenue Reserve £'000	Investors' Equity £'000	Total £'000
Balance at 1st April 2024	48,901	12,052	60,953
Profit for the year	5,690	-	5,690
Movement in equity component of intragroup convertible loan	-	2,262	2,262
Gift aid payment	(3,400)	-	(3,400)
Tax Credit	850	-	850
Balance at 31 March 2025	**52,041**	**14,314**	**66,355**
Profit for the year	28,680	-	28,680
Movement in equity component of intragroup convertible loans	-	3,342	3,342
Gift aid payment	(3,248)	-	(3,248)
Tax credit	812		812
Balance at 31 March 2026	**78,285**	**17,656**	**95,941**

The notes on pages 14 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Note	**2026 £'000**	**2025 £'000**
Fixed Assets			
Property, plant and equipment	9	464	407
Investment properties	10	247,573	183,440
Investment in subsidiary undertakings	10	130	130
Total Fixed Assets		**248,167**	**183,977**
Current Assets			
Trade and other debtors	11	5,788	6,877
Cash at bank and in hand		8,766	1,619
Total Current Assets		14,554	8,496
Creditors: amounts falling due within one year	12	(27,983)	(14,314)
Net Current Liabilities		**(13,429)**	**(5,818)**
Total Assets less Current Liabilities		**234,738**	**178,159**
Creditors: amounts falling due after one year	13	(138,797)	(111,804)
Net Assets		**95,941**	**66,355**
Equity			
Investors' equity		17,656	14,314
Revenue reserve		78,285	52,041
Equity and reserves		**95,941**	**66,355**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Directors on 19 August 2026 and signed on its behalf on 16 September 2026 by:

[redacted]

Manish Joshi, Director

Company Registration Number SC402836.

The notes on pages 14 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £'000	2025 £'000
Net cash generated from operating activities	16	6,994	5,872
Cash flow from investing activities			
Improvement of investment properties	10	(2,199)	(1,415)
Construction of new properties	10	(11,882)	(12,885)
Acquisition of properties		(22,343)	-
Purchase of other fixed assets	9	(261)	(215)
Grant received		8,508	5,902
		(28,177)	(8,613)
Cash flow from financing activities			
Finance income		67	48
Finance charges		(2,907)	(2,885)
Loan draw-down		31,805	6,000
Taxation paid		(635)	(191)
		28,330	2,972
Net change in cash and cash equivalents		7,147	231
Cash and cash equivalents at beginning of the year		1,619	1,388
Cash and cash equivalents at end of the year		8,766	1,619
Cash and cash equivalents at 31 March			
Cash		8,766	1,619

The notes on pages 14 to 26 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Accounting policies

Lowther Homes Limited (the "Company") is a private company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC402836 and the registered address is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements to all periods presented in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in United Kingdom including Financial Reporting Standard 102, under the historical cost convention modified to include the revaluation of properties held for letting and commercial properties. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Wheatley Housing Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Wheatley Group are available to the public and may be obtained from Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period.

As the consolidated financial statements of the ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company is the immediate parent of its wholly owned subsidiary, GBG Enterprises Limited, and has applied the exemption available under FRS 102 9.3 from the requirement to prepare consolidated financial statements on the basis that the Company is itself a wholly owned subsidiary of Wheatley Group.

Going concern

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Company prepares a 10-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2026 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan which included updated scenarios in recognition of financial risks to the business which include severe but plausible downsides. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Accounting policies (continued)

The Board, after reviewing the Company budgets for 2026/27 and the Company's financial position as forecast in the 10-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Company has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future rent increases and factoring price increases;
- Development activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding impacting new build and timing of new build handovers in other Wheatley Group subsidiaries and the associated impact on the number of properties available for rent by the Company;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of a revised profile of repairs and maintenance expenditure including the effect of inflation and increased demand;
- Liquidity – notwithstanding the entity's net current liability position of £13.4m, of which the majority of current liabilities comprises deferred income of £14.9m, the entity's current available cash of £8.8m gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Group and Company's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believe the Company has sufficient funding in place and expect the Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of investment properties;
- The assessment of useful lives for other fixed assets; and
- The assessment of the fair value of financial instruments.

Related party disclosures

The Company is a wholly owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Group which are publicly available. Consequently, the Company has taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Value Added Tax

The Company is registered for VAT and is a member of the Wheatley VAT Group. Expenditure is shown net of VAT.

Turnover

Turnover relates to rental of residential properties and to the factoring management activities carried out in the UK. Both income from rental and income from factoring management activities is recognised when it is receivable.

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of an acquisition, it is recognised as income using the performance model in accordance with FRS 102. Prior to satisfying the performance conditions, capital grant is held as deferred income on the Statement of Financial Position.

Valuation of investment property

The directors consider that the interests in land and/or buildings are held for their investment potential rather than for consumption in the business operations. These are treated under FRS 102 as investment properties at fair value through the Statement of Comprehensive Income.

Investment properties in the course of construction are stated at cost. Those properties are transferred to completed properties when they are ready for letting. Investment properties are valued at market value subject to tenancies at the date of the Statement of Financial Position by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Where it is considered that there has been any impairment in value this is recognised in profit or loss in the period it arises. The cost of properties is their purchase price together with capitalised improvement works. No depreciation is provided in respect of investment properties applying the fair value model.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Improvements to investment properties

Improvement expenditure on investment properties is capitalised in circumstances where it is expected to provide incremental future benefits to the organisation, such as higher rent, reduced on-going maintenance costs or reduced re-let times for the properties.

New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

New Build Grant

New Build Grant is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

New Build Grant is recognised as income in the Statement of Comprehensive Income when new build properties are completed. New Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover.

Investment in subsidiary undertakings

Investments in subsidiaries are shown at fair value with changes in fair value recognised through profit and loss.

Where there is evidence of impairment, the investments are written down to the recoverable amount and any write down would be charged to the Statement of Comprehensive Income.

Valuation of property, plant and equipment

Furniture & Fittings and Computer Equipment are stated at cost and depreciated on a straight-line basis as detailed below.

Depreciation

Property, plant and equipment depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the expected useful lives of fixed assets to write off the cost, or valuation, less estimated residual values at the following annual rates. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

Furniture, fittings and equipment (cost)	20%
Computer hardware and software (cost)	33·33%

Convertible debt and investors' equity

Proceeds of convertible loans are allocated between liability and equity components. The carrying value of the liability component is determined as the fair value of a similar liability that does not possess a conversion feature. For the purpose of determining an appropriate discount rate, advice was obtained from independent property and investment consultants in relation to the market rate of return on a similar unsecured loan instrument. The discount rate used was 10.8%. The residual amount once the liability component has been established is treated as an equity element, and transaction costs are allocated pro rata against the liability and equity components. This allocation shall not be revised in subsequent periods. The liability component is treated as a basic financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Standards issued but not yet effective

Amendments to FRS 102 arising from the Periodic Review 2024 have been issued by the Financial Reporting Council and are effective for accounting periods beginning on or after 1 January 2026. These amendments include a revision to the revenue recognition model aligned to IFRS 15 five step approach and fundamental revision to lease accounting under Section 20, which will require lessees to recognise most leases on the Statement of Financial Position as a right of use asset with a corresponding lease liability. The revised requirements broadly align FRS 102 lease accounting with IFRS 16 and remove the distinction between operating and finance leases for lessees, subject to limited exemptions for short-term and low value leases.

The amendments, as applicable to Lowther, will be applied for the first time in the financial statements for the year ending 31 March 2027.

Lowther is currently assessing the impact of the revised revenue and lease accounting requirements. This work includes identifying and validating the Company's lease population (including land and buildings), determining appropriate lease terms and discount rates, and assessing the potential effects on the Company's Statement of Financial Position, Statement of Comprehensive Income and key financial metrics, including loan covenant measures.

While the full financial impact of adopting the revised lease accounting requirements has not yet been quantified, the Company expects that total assets and liabilities will increase on adoption, with corresponding changes to the presentation and timing of lease related expenses. Further information on the impact of these changes will be disclosed in the financial statements for the period in which the amendments are first applied.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Analysis of turnover

	2026 £'000	2025 £'000
Analysis by class of business:		
Letting income	25,738	21,674
Factoring income	13,305	13,145
Grant income – new build	924	6,327
	39,967	41,146

3. Operating profit

	2026 £'000	2025 £'000
Operating profit is stated after charging:		
Auditor's remuneration in respect of the audit of these financial statements (excl. VAT)	52	50
Depreciation on fixed assets	204	152

The Company has no employees (2025: nil) as staff are employed by another group company and recharged.

4. Other gains and losses

On 30 March 2026 Lowther Homes acquired 233 mid-market rent ("MMR") properties from WH Glasgow and WH East. The difference between the consideration paid by Lowther and the carrying value of the properties relates to the transfer of grant received by the RSLs on construction of these properties. Included in the carrying value and the consideration paid is Land and Buildings Transaction Tax (LBTT) of £0.4m. All obligations under the grant agreement in relation to the properties sold have transferred to Lowther. This grant has been recognised as a gain in the Statement of Comprehensive Income as part of the transaction.

	2026 £'000	2025 £'000
Carrying value of properties acquired	35,536	-
Consideration paid to the RSLs	(22,343)	-
Grant transferred from RSLs and recognised as a gain	13,193	-

	2026 £'000	2025 £'000
Grant income recognised on acquisition of MMR properties	13,193	-
Gain/ (loss) on revaluation of investment property (note 10)	14,516	(5,150)
Decrease in value of investment in subsidiary undertaking (note 10)	-	(3)
	27,709	(5,153)

5. Finance income

	2026 £'000	2025 £'000
Interest received	67	48

Interest received relates to interest earned on short term deposits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Finance charges

	2026 £'000	2025 £'000
Interest and related charges on intra-group loan	2,907	2,917
Amortisation of discount on fair value of convertible loan	342	221
	3,249	3,138

7. Financial commitments

Capital commitments
All capital commitments of the Company were as follows:

	2026 £'000	2025 £'000
Expenditure contracted for, but not provided in the financial statements	1,976	13,275
Expenditure authorised by the Board, but not contracted	-	-
	1,976	13,275

Capital commitments are funded through a combination of grant received from the Scottish Government in relation to our new build programme and private funding.

8. Tax charge

Total tax expense recognised in the profit and loss account	2026 £'000	2025 £'000
Current Tax:		
Current tax on profit for the year	1,364	1,169
Adjustment in respect of prior periods	-	-
	1,364	1,169
Deferred Tax:		
Origination and reversal of timing differences	3,629	(1,287)
	3,629	(1,287)
Total tax charge/ (credit)	4,993	(118)

The UK's main corporation tax rate is 25% (2025: 25%). Deferred taxes on the balance sheet have been measured at 25% being the corporation tax rates enacted at the balance sheet date of 31 March 2026.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax charge (continued)

Deferred Tax	Assets		Liabilities		Net	
	2026	2025	**2026**	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Accelerated capital allowances	-	-	-	-	-	-
Arising on business combinations	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Unused tax losses	-	-	-	-	-	-
Property revaluations	-	-	11,716	8,087	11,716	8,087
Tax liabilities	-	-	11,716	8,087	11,716	8,087
Net of tax liabilities	-	-	-	-	-	-
Net tax liabilities	-	-	11,716	8,087	11,716	8,087

Factors affecting the tax charge for the current period

	2026	**2025**
	£'000	**£'000**
Reconciliation of effective tax rate		
Surplus for the year	28,680	5,690
Total tax charge/ (credit)	4,993	(118)
Surplus excluding taxation	33,673	5,572
Tax using the UK corporation tax rate of 25% (2025: 25%)	8,418	1,393
Effects of:		
Income not taxable	(3,529)	(1,581)
Expenses not deductible	104	70
Prior year adjustments	-	-
Total tax charge/ (credit) included in Statement of Comprehensive Income	4,993	(118)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment

	2026 £'000
Cost	
At 31 March 2025	901
Additions	261
At 31 March 2026	1,162
Accumulated Depreciation	
At 31 March 2025	494
Charge for financial year	204
At 31 March 2026	698
Net Book Value	
At 31 March 2026	464
Net Book Value	
At 31 March 2025	407

10. Investments

Investment properties

	Core Investment Stock £'000	Housing Under Construction £'000	Total £'000
Cost or Valuation			
At 1 April 2025	173,280	10,160	183,440
Additions – acquisitions	35,536	-	35,536
Additions – improvements	2,199	-	2,199
Additions - construction	-	11,882	11,882
Transfers	1,929	(1,929)	-
Revaluation	14,516	-	14,516
At 31 March 2026	227,460	20,113	247,573
Net Book Value - valuation			
At 31 March 2026	227,460	20,113	247,573
At 31 March 2025	173,280	10,160	183,440
Net Book Value – historic cost			
At 31 March 2026	162,570	20,113	182,683
At 31 March 2025	122,906	9,997	132,903

The valuation of investment properties as at 31 March 2026 shown above of £227.5m (2025: £173.3m) is the market value subject to tenancies, between a willing buyer and willing seller in an arm's length transaction. The valuation was carried out by Jones Lang LaSalle, a qualified professional valuer.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investments (continued)

Investment properties (continued)

The number of properties held by Lowther Homes Ltd at 31 March was:

	2026 No.	2025 No.
Total Units	1,490	1,245

Investment in subsidiary undertaking

In 2024, as part of the wider reorganisation of GBG Enterprises Ltd, the property owned by GBG was transferred to Lowther at Net Book Value. In 2025, the share capital of GBG was reduced and converted to distributable reserves. It is expected that the reserves of GBG will be distributed to Lowther and the entity liquidated in the coming months. As such, the investment in subsidiary reflects the value of the expected distributable reserves of £130k (2025: £130k).

	2026 £'000	2025 £'000
Carrying value of investment in GBG Enterprises Limited	130	130

11. Trade and other debtors

Due within one year:	2026 £'000	2025 £'000
Trade debtors	1,869	1,926
Other debtors	3,901	4,893
Amounts owed by group undertakings	18	58
	5,788	6,877

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Trade creditors	749	1,274
Accruals	3,648	3,674
Amounts owed to group undertakings	3,500	2,819
Other creditors	5,097	4,498
Deferred income	14,875	1,849
Corporation Tax	114	200
	27,983	14,314

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Creditors: amounts falling due within one year (continued)

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Total deferred income £'000
Deferred income as at 1 April 2025	7,291	7,291
Grant received in the year	8,508	8,508
Released to Statement of Comprehensive Income	(924)	(924)
Deferred income as at 31 March 2026	14,875	14,875

This is expected to be released to the Statement of Comprehensive Income in the following years:

Deferred income to be released to the Statement of Comprehensive Income:	**2026 £'000**	**2025 £'000**
In less than one year	14,875	1,849
In more than one year but less than five years	-	5,442
In more than five years	-	-
	14,875	7,291

13. Creditors: amounts falling due after more than one year

	2026 £'000	2025 £'000
Financial liability component of intra-group convertible loans	28,333	22,375
Amounts owed to group undertakings	98,748	75,900
	127,081	98,275
Deferred income	-	5,442
Deferred tax	11,716	8,087
	138,797	111,804

Intra-group convertible loans

An unsecured subordinated convertible loan of £30m from WH Glasgow was arranged in November 2014. Wheatley Foundation delivers certain charitable community programmes on behalf of WH Glasgow. During the year, these programmes were partly funded through an arrangement under which interest receivable from the Company on the loan was paid directly to Wheatley Foundation on WH Glasgow's behalf.

In May 2021, the facility was amended and restated to increase total availability to £45m. The additional funding has been drawn progressively since that date, with the final £9m advanced to the Company during the year ended 31 March 2026. The additional £15m of convertible debt has been allocated between equity and liabilities in accordance with the Group's accounting policies.

Amounts owed to group undertakings

The Company has access to a loan facility with Scottish Widows, administered by Wheatley Funding No.2 Limited. The original facility was £76.5m and was fully drawn in October 2018 at a fixed interest rate of 3.77% to 30 October 2043.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Creditors: amounts falling due after more than one year

In March 2026, the facility was amended and restated to provide a second tranche of £23m to support the acquisition of 233 MMR units from WH Glasgow and WH East. This tranche was fully drawn in March 2026 at a fixed interest rate of 6.527% to 30 October 2043.

Borrowings are repayable as follows:	2026 £'000	2025 £'000
In less than one year	-	-
In more than one year but less than two years	-	-
In more than two years but less than five years	3,004	1,802
In more than five years	124,077	96,473
	127,081	98,275

14. Financial instruments

	2026 £'000	2025 £'000
Financial assets:		
Measured at amortised cost:		
Debtors and accrued income	5,788	6,877
Total	5,788	6,877
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and amounts owed to group undertakings	138,447	103,743
Measured at fair value through income and expenditure:		
Intra-group convertible loan	28,333	22,375
Total	166,780	126,118

Expenses payable on the financial liabilities is disclosed in note 6.

15. Called up share capital

	2026 £	2025 £
Authorised		
Equity: 100 (2025: 100) Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Equity: 100 (2025: 100) Ordinary share of £1 each	100	100

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Cash Flow Analysis

Cash flow from operating activities	**2026**	**2025**
	£'000	**£'000**
Surplus for the year	28,680	5,690
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	204	152
Decrease in trade and other debtors	1,088	229
Increase in trade and other creditors	728	1,389
<u>Adjustments for investing or financing activities:</u>		
Grants income recognised on completed new build properties	(924)	(6,313)
Grant recognised on property acquisition	(13,193)	-
(Gain)/ loss on revaluation of fixed assets	(14,516)	5,150
Impairment of investment in subsidiary undertakings	-	3
Amortisation of discount on convertible debt	342	221
Interest paid	2,907	2,917
Interest received	(67)	(48)
Taxation charge/ (credit)	4,993	(118)
Gift Aid paid	(3,248)	(3,400)
Net cash inflow from operating activities	**6,994**	**5,872**

17. Ultimate parent organisation and subsidiary undertakings

The Company is a wholly owned subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The Company has one immediate wholly owned subsidiary, GBG Enterprises Limited, which is a company registered in Scotland and limited by shares with 1 x £1 shares issued.

The only group into which the results of the Company are consolidated is Wheatley Group. The consolidated financial statements of Wheatley Group may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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