

L&Q Presentation to Investors

3rd June 2025

L&Q

Investing in homes
and neighbourhoods



L&Q Structure & Governance



L&Q Executive Group and Group Board



Fiona Fletcher-Smith
Group Chief Executive



Ed Farnsworth
Executive Group Finance Director



Tom Nicholls
Executive Group Director HR



Matt Foreman
Executive Group Director Customer Service



Vicky Savage
Executive Group Director Development & Sales



Steve Moseley
Executive Group Director Governance, & Transformation



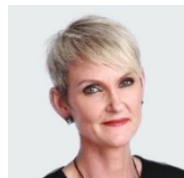
David Lewis
Executive Group Director Property Services



Liam Coleman
Group Chair



Maria Da Cunha
Board Member



Dominique Kent
Board Member



Dr Louise Brooke-Smith,
OBE
Board Member



Nigel Hopkins
Board Member

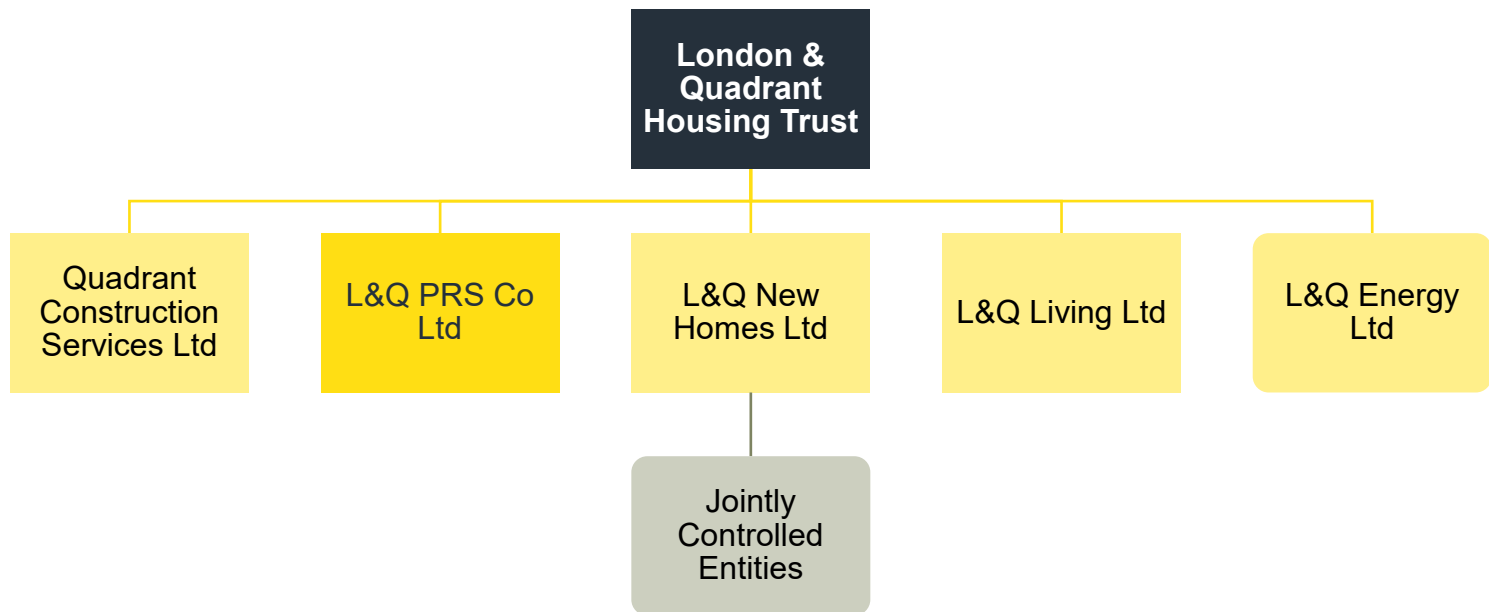


Fayann Simpson
OBE
Board Member

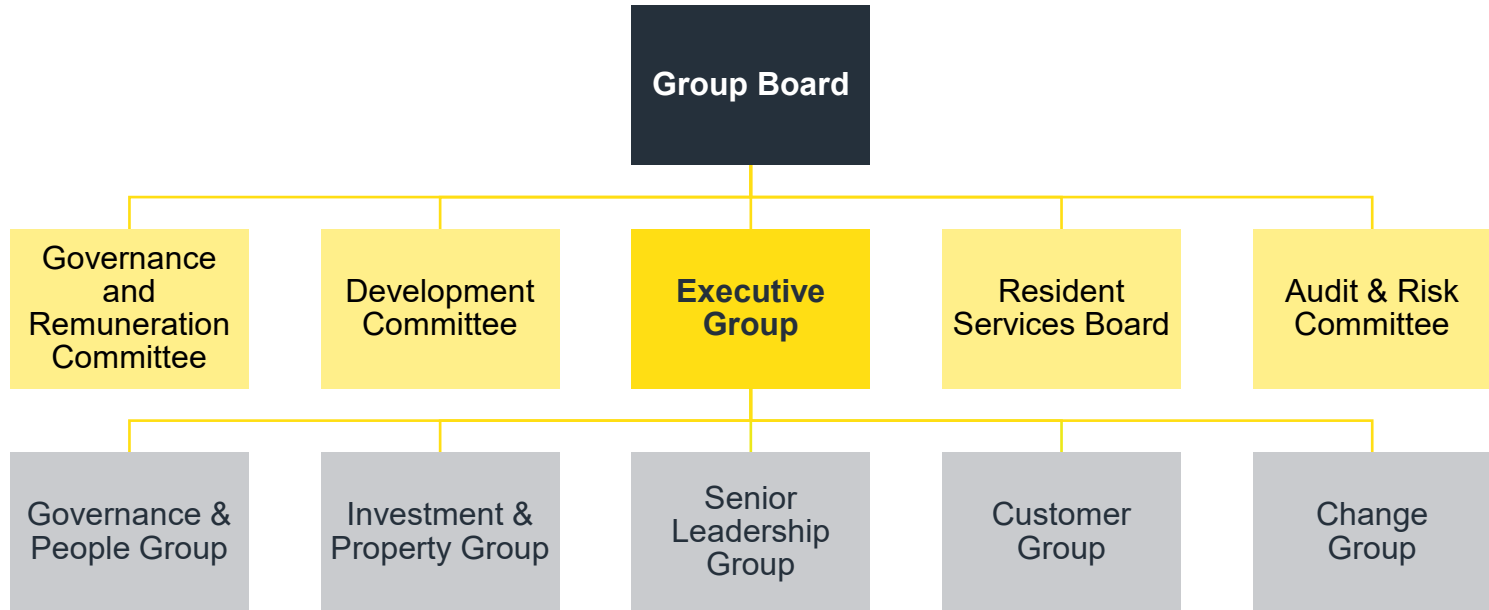


Raj Kumar
Board Member

Summarised L&Q Group Structure



Corporate Governance



L&Q Strategy



Drawing strength from our past, envisioning our future

- **Our social purpose** underpins our vision that: Everyone deserves a quality home that gives them the chance to live a better life
- **Residents at the heart of the decision-making process:** With strong governance, diverse and effective leadership, robust risk management, sound financial management with an engaged and motivated workforce
- **The future:** focusing on why we exist (to provide social homes to meet housing need), through the provision of good landlord services, by being an efficient organisation that maximises its impact



Our strategic roadmap

– L&Q Future Shape (2021-2026)

- The Strategy outlined intentions for a **major investment programme in our existing homes, and the transformation of our services**
- Despite a challenging economic backdrop and changing legislative environment, we have remained **focused and steadfast in delivering reliable, repeatable and consistent services**
- We continue focusing on becoming an **operationally excellent organisation**, radically simplifying and improving our operating model, **investing in transforming and changing our processes, ways of working and systems**



More focus on and investment in the safety of our colleagues and residents



Greater investment in our existing homes



More focus on delivering reliable, repeatable and consistent services

Performance against strategy



- Successfully delivering the **restructure of our balance sheet**
 - Sale of **L&Q Estates** in August 2024
 - Created a separate operating platform for **Metra Living** and marketed for sale in November 2024
 - Explored options for **Shared Ownership** sale and looking for sector solution to unlock embedded value
- Continue to **rationalise our geographical footprint of our stock portfolio** – announced **3,500 home stock transfer** to Paradigm in March 2025
- **Operational Excellence** – Improving the service we offer to our customers with the launch of a new Finance and Housing Management system

L&Q Investment in Existing Homes



Major Works Investment Programme



Strong partnership



Entering the third year, nine partners now in place, significant capacity to deliver more

Investing in homes



10,481 replacement components in 24/25 (£144m), largest in the sector

Aligned asset plan



Asset and Financial Plans aligned, legal and regulatory compliance

Improved performance



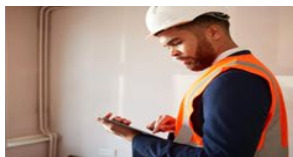
Satisfaction up 14% over the last two years to 84%

Social value



£36m in 24/25 up from £29m in 23/24

Stock surveys



Surveyed 70% of our stock, three year programme shifting from reactive to planned

Target cost model



Open book with shared savings. Never pay more than the agreed price

Single Homes Standard



Cradle to grave standard supported by volume purchases of components - 'Game Changer'

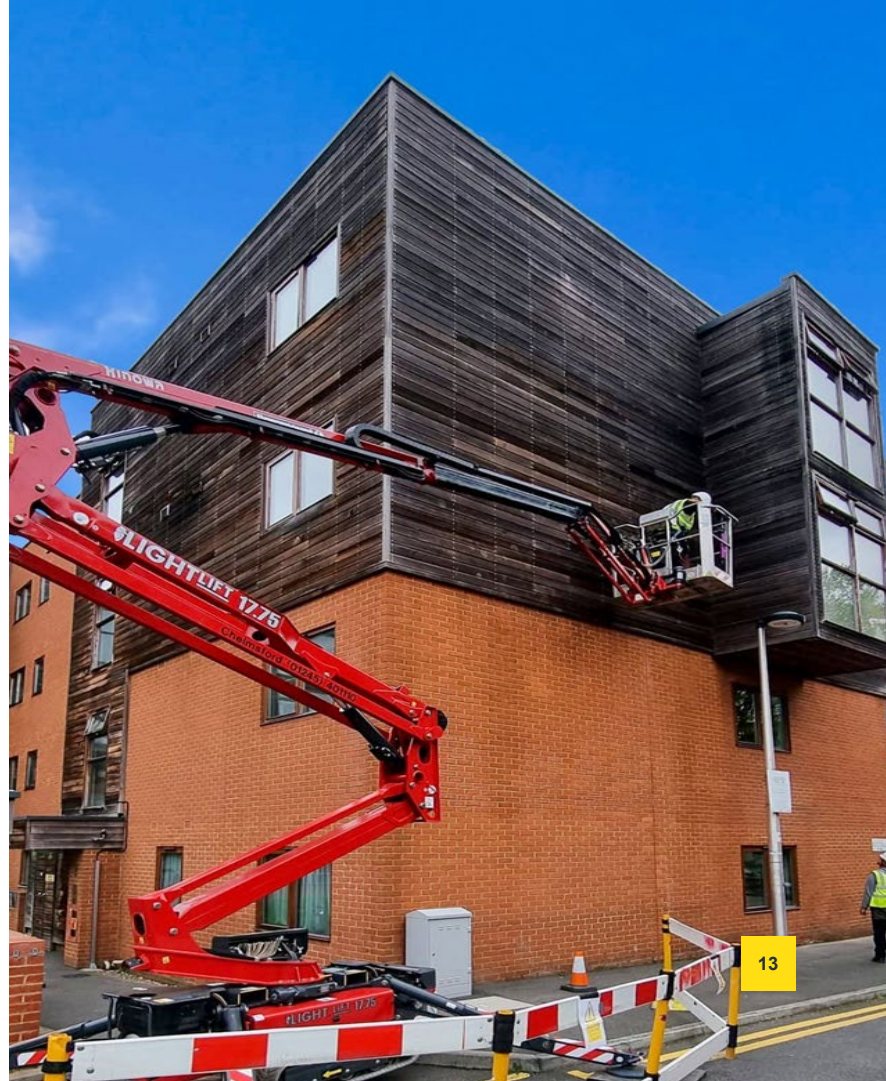
Our repairs service

- **A year of improvement** for a developing service area:
 - Resident satisfaction and right first time improved
- **Total of 7% open repairs in line with best practice**
- **80% of repairs to be delivered in-house:** lower cost than external delivery and affords full control
- **Focus** on stability, culture, productivity and building skills



Building safety

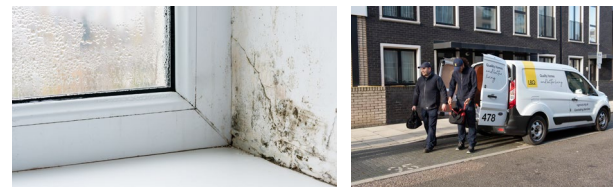
- Impact of Tri-fire
- Inspected the External Wall Systems of **84% of our blocks**, all **2,174** buildings will have been inspected by **March 2026**
- **232 High Risk Building** registered with the Building Safety Regulator
- **11 Building Safety Cases submitted**
- **Remediated 63 buildings**, which includes all **32 high-risk ACM**, in progress of remediating a further **47 blocks**, we will have **remediated 220 blocks** by the end of the programme



Damp and mould and Awaab's Law

Government agreed phased plan based on 28 HHSRS hazards

- Phased from October 25 – damp and mould, and emergency repairs, other hazards phased over 2026 and 2027
- Defined timescale for dealing with hazards: 24 hours for emergency repairs, 14 days for repairs
- Enforceable under tenancy agreement – complaints / civil action
- Could capture 60% of all repairs once fully implemented
- Well placed to respond to D&M
- 18,000 humidity sensors fitted and strengthening technical teams and specialist contractors
- Preparing now for 2026 and 2027 phases



Decarbonisation of homes

- 74% of homes at EPC C and 97% EPC D and above, in line with most of the G15
- Plans to retrofit 1,500 homes with £16m Warm Homes Funding

Our prioritised approach:

- Fabric First; Solar and heat pumps; and strategic partnerships with energy providers
- Ambition to achieve EPC C and NetZero targets but prioritised with risk appetite



Fabric First

Heating and
Renewables

Tariffs

L&Q 2024/25 Performance



Our operating environment

- **Unparalleled demand** for affordable housing in our areas of operation, and on-going cost of living crisis
- Higher **interest rate** and **cost inflation** environment
- Continued **Ombudsman scrutiny** and increased **consumer and building safety regulation**
- Government pledge to build **1.5 million homes**
- Environmental **sustainability** and **net zero** pressures



2024/25 Summary performance



- **Record levels of investment in our residents' homes**, £372m (2024: £328m) spent on maintaining and improving homes to ensure their ongoing safety, comfort and environmental performance
- **Continuing to help tackle the housing crisis** with the completion of 2,316 (2024: 2,955) residential homes of which 81% were for social housing tenures
- **Year on year improvements in EBITDA-MRI** £376m (2024: £343m), Margins, Interest Cover and Leverage metrics
- **Execution of deleverage plans and rationalisation of geographical areas of operation**, supporting lower risk profile, and operational efficiencies
- **Improvement in operational performance metrics**, supported by impact of organisational transformation plans



Other highlights

- **Launch of a new Finance Management System** to streamline financial processes and reporting alongside a **new Income Management System** to improve arrears management, resident support, and communication, all backed by cleaner and more accurate data
- **Launch of RepairFinder, our new repairs diagnostic tool**, to diagnose issues correctly, helping us deliver a reliable, repeatable and consistent repairs service for our residents
- Awarded a **five star grading in the British Safety Council's** Occupational Health & Safety Audit that reflects our strong commitment to keeping our people safe
- **Repair Review Panel** has in part helped and contributed to us achieving more than **£8.5m in savings**
- **L&Q Foundation supported over five thousand residents to the value of £21.5m** by helping them reduce their debts and outgoings or through new income



Key financial highlights 2024/25

Homes in
Management

↗ 109k
FY24: 108k

Turnover

→ £1.1bn
FY24: £1.1bn

EBITDA
MRI Margin

↗ 33%
FY24: 28%

EBITDA MRI
Interest Cover

↗ 157%
FY24: 142%

EBITDA MRI
SHL Interest
Cover

↗ 137%
FY24: 121%

Sales as
% of Turnover

↘ 23%
FY24: 35%

Total
assets

→ £13bn
FY24: £13bn

Debt to
Assets

→ 40%
FY24: 40%

Moody's/
S&P / Fitch

↘ A3/BBB+/A
FY24: A3/A-/A+

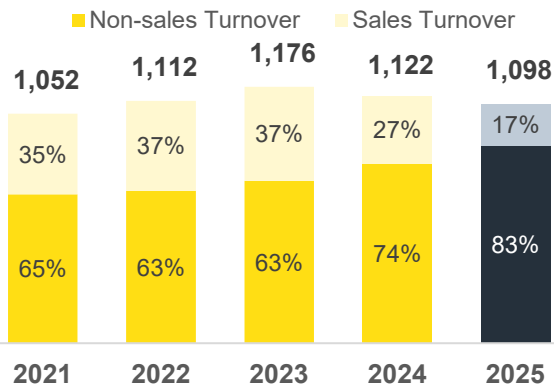
Regulatory
Ratings

→ G1/V2
FY24: G1/V2

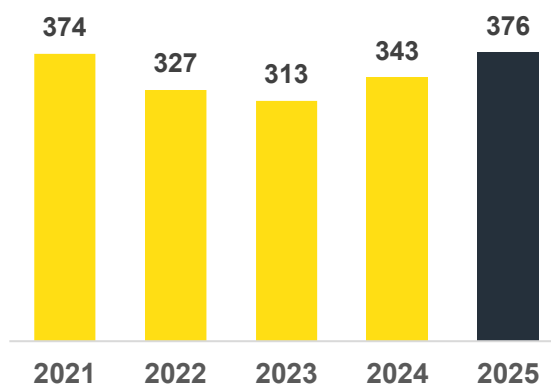
Our financial performance



Turnover (£m)

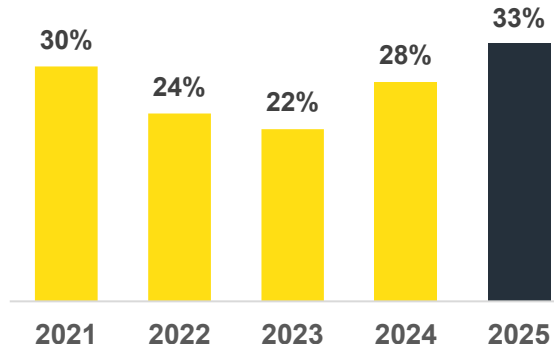


EBITDA MRI (£m)

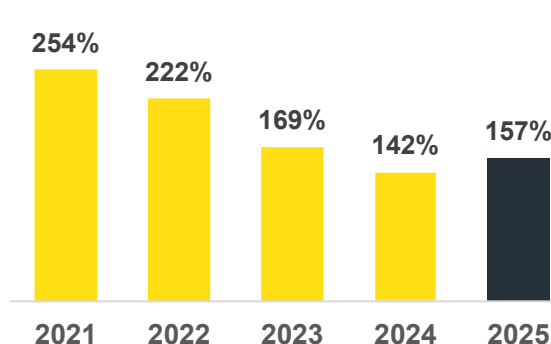


- Revenue growth on non-sales activities, with declining proportion of turnover from sales activities
- Pressure on interest cover will remain in medium term, due to requirement to invest in homes and services
- Impact of impairment and provisions for defects continue to reduce

EBITDA MRI Margin (%)



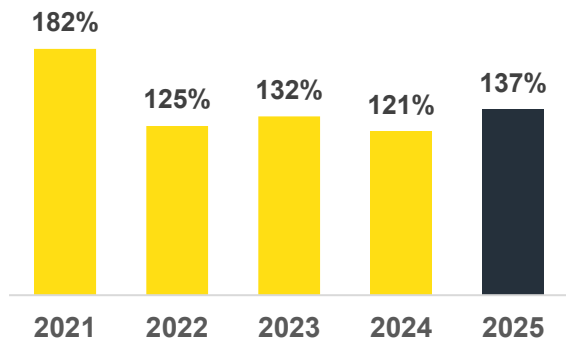
Interest Cover (%)



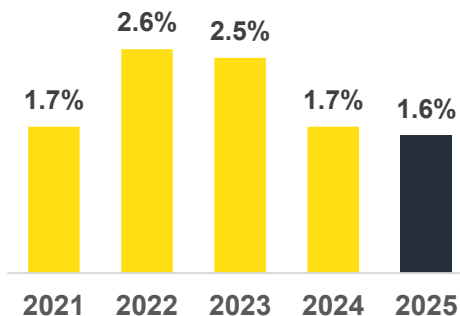
Affordable housing performance



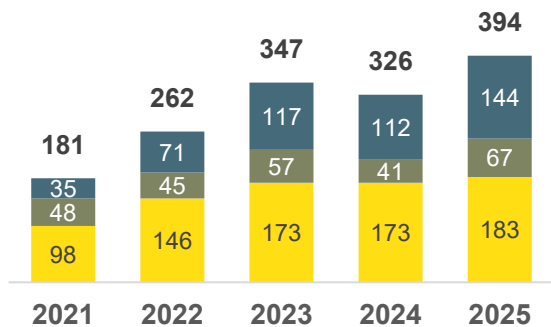
EBITDA MRI SHL interest cover (%)



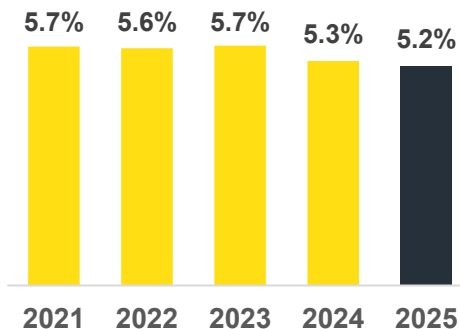
Void Rental Loss (%)



Gross Maintenance Spend (£m)



Arrears (%)



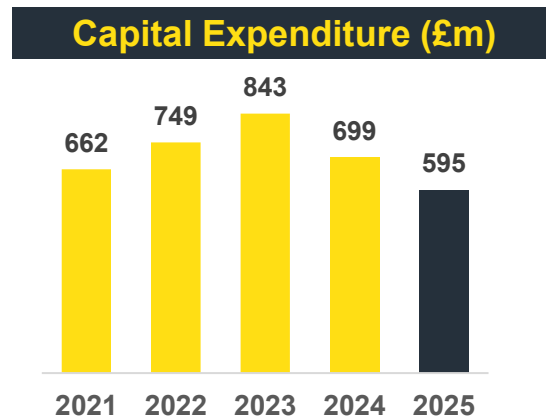
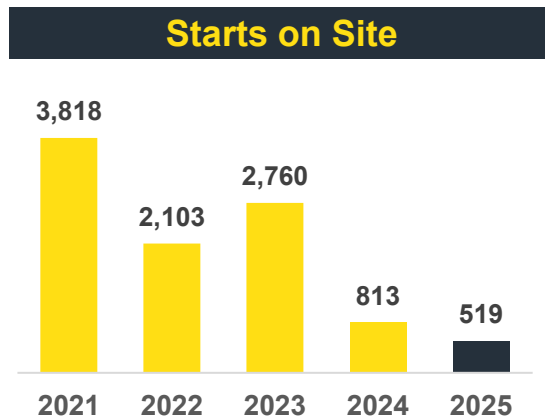
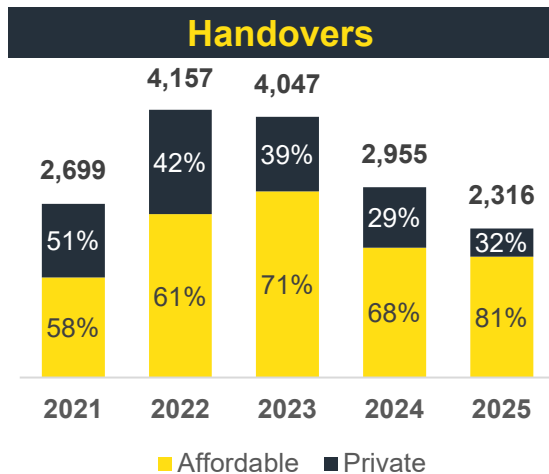
■ Major works capitalised ■ Planned ■ Routine

- Social housing lettings interest cover to remain stable despite growth in capitalised major repairs
- Void rental loss is stable with consistent high demand for properties
- Material increase in investment in existing homes reflecting our priority, with higher proportion of planned and major works
- Arrears declining through effective income management

Development & Sales activities



- Reduced starts on sites reflects lower investment in our development pipeline, in line with our strategic objective to derisk our business and prioritise investment in existing homes and services
- Impairments are reducing proportionally with our pipeline, expected to be £20m-£40m for FY 2025
- Our JVs with the GLA (Barking Riverside) and Trafford Council (Trafford) are examples of where we are continuing to develop without compromising our strategic objective to invest in our existing homes and services



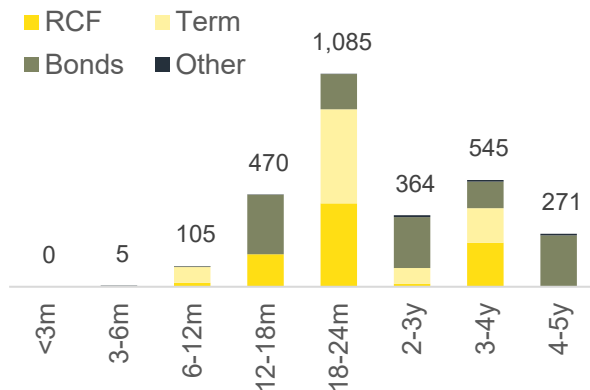
L&Q Treasury



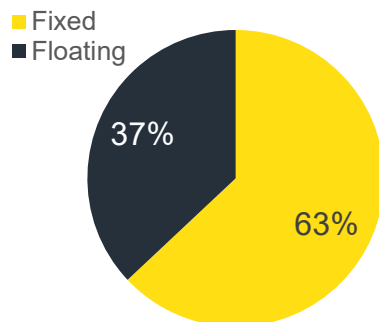
Treasury summary



Drawn Debt Maturity Profile (£m)



Fixed vs Floating



- Ample liquidity to fund operations and investments, with available liquidity at c.£1.0bn
- Fixed rate target of 60% - 70% supports the ability to deleverage at zero cost

Objectives

- Use the proceeds of asset disposal to derisk and deleverage
- Refinance maturing debt as required to maintain liquidity
- Retain average 'A' range credit rating where it is in our control



Credit summary

- **One of the largest Housing Associations in the UK**, with strong Governance, Regulatory and legal framework, evidenced by G1/V2 regulatory ratings and 100% CQC rating
- **Solid track record of delivering against strategic objectives** – L&Q Estates sold, Metra Living marketed for sale and mature stock divestment programme enabling exit from non-core geographies
- **Strong balance sheet**, including stable debt and consistently strong operating cashflow generation and low gearing
- **Robust financial performance**, underpinned by our main activity of stable and predictable affordable housing revenue streams
- **Strong management team** with a broad range of skills and extensive experience of the housing sector
- **Lower development spend, coupled with asset divestment**, will reduce debt burden

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