

## London & Quadrant Housing Trust ('L&Q') - Publication of Financial Statements

L&Q today announces the publication of its consolidated audited financial statements for the financial year ended 31 March 2025, reporting record levels of investment in improving homes and services, sector-leading efforts to build much-needed new homes, and a set of robust financial results that show strong year-on-year performance. All comparatives are to L&Q's consolidated audited financial statements for the financial year ended 31 March 2024 ('2024').

During the last financial year, we invested a record £371m (2024: £326m) in our maintenance programme, and are now moving into the third year of our £3bn, 15-year Major Works Investment Programme that will ensure every resident's home is a safe, sustainable and decent place to live, and drive down expenditure on repairs. During the year we replaced over 10,400 housing components, including kitchens, bathrooms, windows and roofs, alongside carrying out critical fire safety works as we maintain good progress against our building inspection and remediation programme.

Alongside investing in existing homes, L&Q continued to play a significant role in helping to tackle the housing crisis by completing 2,316 (2024: 2,955) new homes, making us the sector's biggest builder of new homes for the sixth year in a row.

Work to restructure our balance sheet is progressing well. The sale of L&Q Estates was announced in August 2024, and our plans to sell L&Q's private rented sector business continue to move forward as part of a clear strategy to simplify our business and generate additional financial capacity. We've also entered into contract on the transfer of 3,500 homes in South Buckinghamshire, with completion now subject to resident consultation and subsequent Board and regulatory approvals. This is part of our strategic approach to stock rationalisation, through which we're focusing on areas where we have the greatest concentration of homes, enabling us to provide more efficient and better value services for residents.

The last year has seen us make excellent progress against our strategic plans whilst delivering robust financial results that show positive year-on-year performance. EBITDA MRI increased to £371m (2024: £343m). In the year-ended 31 March 2025, L&Q achieved an operating surplus of £377m (2024: £333m) with stable net debt at £5.4bn (2024: £5.4bn). Available liquidity at c.£ 1bn (2024: £1bn) demonstrates that L&Q has a well-capitalised balance sheet .

The financial statements can be accessed via the following link:  
<https://www.lqgroup.org.uk/investors/financial-performance>

A copy of this document will shortly be filed with the National Storage Mechanism.

**Commenting on the results Ed Farnsworth, Executive Group Director, Finance said:** *"L&Q has a clear strategy to simplify our business, prioritise L&Q's core purpose as a social housing provider, and generate additional financial capacity to invest in new and existing affordable housing.*

*"Residents are at the heart of those priorities, and this positive set of financial results are testament to that, highlighting record levels of investment in homes and services, and also demonstrating continued improvements in our operational performance, supported by the impact of our organisational transformation plans.*

*"Wider economic uncertainty remains, and we remain resilient and agile to adapt to future challenges. However, this is a period of significant opportunity for L&Q, with the Government signalling the long-term investment in social housing that the sector has been calling for. These results demonstrate L&Q's ongoing financial strength and viability, and ensure we remain in a sector-leading position to maximise future opportunities as we look ahead with optimism."*

## Highlights

- For the year ended 31st March 2025, L&Q achieved turnover of £1,111m (2024: £1,122m), EBITDA MRI of £371m (2024: £343m) and an underlying surplus after tax of £33m (2024: £117m).
- Turnover decreased by 1% to £1,111m (2024: £1,122m). Of turnover, 70% (2024: 63%) was generated from core social housing lettings activities. A further 18% (2024: 27%) was from market sales activity (including shared ownership first tranche sales), 6% (2024: 5%) from market rents and 6% from other activities (2024: 5%).
- EBITDA MRI increased by 8% to £371m (2024: £343m), EBITDA MRI margin was 32% (2024: 28%) and EBITDA MRI interest cover was 156% (2024: 142%). The year-on-year increase in EBITDA MRI reflects our focus on delivering our strategic objectives, against a backdrop of inflationary pressures. (please see below 'Reconciliation of audited financial statements against trading update').
- Net debt remained stable at £5.4m (2024: £5.4m) and available liquidity at just over £1bn was also broadly stable (2024: £1bn) demonstrating continued success to conserve cash flows.
- L&Q continues to maintain a strong financial position with total assets less current liabilities at £13,591m (2024: £13,667m) and net assets at £5,754m (2024: £5,721m). The housing properties portfolio grew by 2% to £11,807m (2024: £11,617m).
- Housing completions at 2,316 (2024: 2,955) of which 81% (2024: 68%) were for social housing tenures. This further demonstrates L&Q's commitment to maximising its social purpose, while simultaneously, lowering its risk profile for commercial activity.
- L&Q invested £439m (2024: £424m) in new social housing, demonstrating continued progress against our ambition to tackle the housing crisis and £0m (2024: £2m) in new market rent properties. A further £42m (2024: £123m) was invested in private housing for sale we develop ourselves and £26m (2024: £24m) in joint venture partnerships. Profits generated from non-social housing activities are re-invested in the delivery of social housing.
- L&Q invested £371m (2024: £326m) in residents' homes, including critical fire safety works. Building safety remains a priority, with L&Q delivering one of the UK's largest inspection and remediation programmes, covering over 1,800 buildings containing over 32,000 homes. We are making excellent progress, and expect to have either completed or started remediation on all our 18m plus buildings by the end of March 2026. For buildings above 18m, 24 buildings have so far been remediated with 26 underway, leaving 31 where remediation has not yet started but planned. For buildings below 18m, 39 buildings have been remediated, 21 are underway, leaving 79 where remediation has not started but is planned over the duration of our next corporate strategy period.
- L&Q's Major Works Investment Programme is the industry's largest investment programme – almost £3bn over 15 years – to improve the safety, comfort, and environmental performance of residents' homes. This will see all L&Q homes maintained to the Decent Homes Standard – a technical standard set by the government for social housing.
- The charitable L&Q Foundation has played a vital role in continuing to support those who need it with L&Q investing £7m (2024: £8m) into the L&Q Foundation. Using the HACT Wellbeing Valuation Approach methodology the work of the Foundation created £22m of social value in the year (2024: £27m). This impact was generated through programmes directed at helping residents into work, supporting their financial confidence and easing the burden of debt, through delivery of physical wellbeing activities, volunteering opportunities, and social clubs for residents to strengthen their connectedness with their community.
- L&Q remains fully compliant, with regulatory ratings at G2 for governance, V2 for financial viability, and C2 for the new consumer standard.

## Reconciliation of audited financial statements against trading update

On 9 May 2025, L&Q published its unaudited trading update for the year ending 31 March 2025 that excluded any further adjustments that are subject to audit review such as impairment and provisions. In the trading statement, there was no provision made for impairment, but guidance was given that L&Q estimated impairment to be in the range of £20m to £40m.

Following the completion of the audit, the following adjustments have been made compared to the trading statement:

- A £25m impairment charge on fixed assets and £1m impairment release on current assets under development, against a net release of impairment of £14m shown in the trading statement. This increases cost of sales and reduces operating surplus and surplus after tax by £38m. There is no impact on EBITDA MRI.
- A £12m increase in other income, increasing operating surplus and surplus after tax and EBITDA MRI.
- A £15m reduction in the change in value of investment properties, decreasing operating surplus and surplus after tax by £15m. There is no impact on EBITDA MRI.
- A £10m decrease in share of profits from joint ventures, that decreases operating surplus, surplus after tax and EBITDA MRI by £10m.
- A £7m increase in operating costs and costs of sales, that decreases operating surplus, surplus after tax and EBITDA MRI.
- A £3m increase in increase in surplus on disposal of fixed assets and investments, increasing operating surplus, surplus after tax and EBITDA MRI.
- A £2m increase to capitalised major repairs, that reduced EBITDA MRI by £2m. There is no impact on operating surplus and surplus after tax.
- A £1m increase in amortised government grant that increases turnover and increases operating surplus and surplus after tax by £1m. There is no impact on EBITDA MRI.
- A £2m decrease in the tax credit on surplus on ordinary activities that decreases surplus after tax. There is no impact on EBITDA MRI.
- A £1m decrease in the net interest payable that increases surplus after tax. There is no impact on EBITDA MRI.

The following table discloses the impact that these adjustments have had on applicable financial measures disclosed in the trading statement:

Financial Measure	Unaudited Trading Update for the period ending 31 March 2025	Audited Financials for the period ending 31 March 2025	Change
Operating Surplus	£431m	£377m	(£54m)
Surplus after Tax	£88m	£33m	(£55m)
EBITDA MRI <sup>1</sup>	£376m	£371m	(£5m)
EBITDA MRI margin <sup>2</sup>	33%	32%	(1%)
EBITDA MRI interest cover <sup>3</sup>	157%	156%	(1%)
Gross debt to EBITDA MRI <sup>4</sup>	14.7x	14.8x	0.1

### Notes:

<sup>1</sup> Operating surplus – change in value of investment properties – amortised government grant + depreciation + impairment – capitalised major repairs +/- actuarial losses/gains in pension schemes

<sup>2</sup> EBITDA MRI / (turnover + turnover from joint ventures – amortised government grant)

<sup>3</sup> EBITDA MRI / net cash interest paid

<sup>4</sup> Gross debt / EBITDA MRI

ENDS

**This update may contain certain forward-looking statements reflecting, among other things, our current views on markets, activities and prospects. Actual outcomes may differ materially. Such statements are a correct reflection of our views only on the publication date and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared.**

For further information, please contact:

[investors@lqgroup.org.uk](mailto:investors@lqgroup.org.uk)

James Howell, Director of Partnerships

020 8189 1596

[www.lqgroup.org.uk](http://www.lqgroup.org.uk)