

London & Quadrant Housing Trust Trading Update for the period ending 30 June 2025

London & Quadrant Housing Trust ('L&Q') is today issuing its consolidated unaudited trading update for the three months ended 30 June 2025 ('2025 Q1'). All statement of comprehensive income comparatives are to L&Q's consolidated audited prior year equivalent period being the three months ended 30 June 2024 ('2024 Q1').

HIGHLIGHTS

- There are 109,935 homes owned or managed (as at 31 March 2025: 109,659)
- L&Q has completed 563 new residential homes (2024 Q1: 353)
- Turnover was £271m (2024 Q1: £273m)
- EBITDA-MRI¹ was £120m (2024 Q1: £110m)
- EBITDA-MRI margin² was 46% (2024 Q1: 39%)
- EBITDA-MRI margin (excluding sales)³ was 54% (2024 Q1: 49%)
- Gross sales EBITDA-MRI margin⁴ was 8% (2024 Q1: 20%)
- Net sales EBITDA-MRI margin⁵ was (4%) (2024 Q1: 11%)
- EBITDA-MRI interest cover⁶ was 217% (2024 Q1: 179%)
- EBITDA-MRI social housing lettings interest cover⁷ was 224% (2024 Q1: 148%)
- Operating surplus was £120m (2024 Q1: £112m)
- Debt to assets⁸ was 39% (2024 Q1: 40%)
- Sales as a % of turnover¹⁰ was 18% (2024 Q1: 24%)

Commenting on the results Ed Farnsworth, Executive Group Director, Finance said:

"L&Q's Q1 unaudited results reflect ongoing delivery against our corporate strategy, which is focused on prioritising investment in existing homes and services.

We're now three years into our Major Works Investment Programme that has seen us deliver over 16,000 improvements to residents' homes to date. We're on track to deliver around 9,000 more this year, and in Q1, upgraded 196 kitchens, 192 bathrooms, 204 windows and 17 roofs, alongside other building improvements. In ensuring the safety of our homes, we have committed to protect residents from extra costs wherever possible, and our EBITDA-MRI of £120m (2024 Q1: £110m) includes the recovery of significant remediation costs at one of our schemes.

We recently announced our plans to combine L&Q's Property Services and Development & Sales directorates into a new Property and Investment directorate. This change will further improve our efficiency and enable us to take a more holistic and effective approach to managing the quality of new and existing homes across the full lifetime of each property.

We continue to progress the sale of Metra Living, L&Q's private rented sector business, announced last November, and the transfer of 3,500 homes in South Bucks announced in March 2025. Both are part of a clear strategy to simplify our business and focus on areas where we have the greatest concentration of homes, enabling us to provide more efficient and better value services for residents.

We welcomed the clear signal from government in June's Comprehensive Spending Review that it is serious about tackling the housing crisis, and we are engaging with government to work through the detail behind the announcements. We continue to seek opportunities to deliver new affordable and social housing where it does not divert from our strategic aim to derisk our business and prioritise investment in existing homes. During the quarter we marked several key development milestones, including the 'topping out' of our Prime Point scheme in Greenwich, through which we are delivering 476 new homes, of which 70% will be affordable."

FORWARD GUIDANCE FOR THE YEAR ENDING 31 MARCH 2026

We project operating surplus between £340m - £360m and EBITDA-MRI in the range of £270m to £290m. We forecast gross capital expenditure¹¹ to be c. £314m as our development pipeline slows. We expect to deliver c. 2,069 new residential homes of which c. 73% are expected to be affordable.

Financial Metrics	Forward Guidance to 31 March 2026
EBITDA-MRI margin ²	26% - 28%
EBITDA-MRI margin (excluding sales) ³	30% - 35%
Gross sales EBITDA-MRI margin ⁴	c.3%
EBITDA-MRI interest cover ⁶	145% - 155%
EBITDA-MRI Social housing lettings interest cover ⁷	155% - 165%
Debt to assets ⁸	<33%
Gross debt to EBITDA-MRI ⁹	<15x
Sales as a % of turnover ¹⁰	< 23%

HOUSING COMPLETIONS

L&Q, including joint ventures, has completed 563 (2024 Q1: 353) residential homes in the financial year to date. This comprises of 428 (2024 Q1: 238) completions for social housing tenures (76%) and 135 (2024 Q1: 115) completions for market tenures (24%). During that same time 329 new build residential homes commenced on site (2024 Q1: 228) with the majority of starts being later phases of existing developments.

DEVELOPMENT PIPELINE

L&Q, including joint ventures, is operating from 87 (2024 Q1: 106) active sites. L&Q has approved 13 (2024 Q1: 0) homes during the financial year bringing total homes in the approved development pipeline to 8,341 (2024 Q1: 10,506), of which 65% are currently on site. Of the homes approved in the development pipeline 49% are for social housing tenures and 51% are for market tenures. L&Q holds a further potential 25,480 (2024 Q1: 83,198) strategic land plots.

The future projected cost of the entire development pipeline (including work in progress and developments not yet committed or on site) that extends until the financial year ending 31 March 2040 is estimated at £1.9bn (2024 Q1: £2.4bn) of which £1.3bn (69%) is currently committed (2024 Q1: £1.8bn).

UNAUDITED FINANCIALS

The unaudited financials exclude further adjustments that are subject to audit review.

Statement of Comprehensive Income

	2025 Q1 (£m)	2024 Q1 (£m)	Change
Turnover			
Non-sales	233	218	
Sales	37	55	
	271	273	(1)%
Operating costs and cost of sales			
Non-sales	(144)	(138)	
Sales	(38)	(49)	
	(182)	(187)	3%
Surplus on disposal of fixed assets and investments	32	26	
Share of profits from joint ventures	(1)	-	
Change in value of investment property	-	-	
Operating surplus	120	112	7%
Net interest charge	(51)	(58)	
Other finance income/ (costs)	(1)	(1)	
Taxation	-	-	
Surplus for the period after tax	67	53	26%

EBITDA-MRI and Net Cash Interest Paid

	2025 Q1 (£m)	2024 Q1 (£m)	Change
Operating surplus	120	112	
Change in value of investment property	-	-	
Amortised government grant	(7)	(6)	
Depreciation	27	26	
Impairment	-	-	
Capitalised major repairs	(20)	(22)	
EBITDA-MRI	120	110	9%
Net interest charge	(50)	(57)	
Capitalised interest	(5)	(4)	
Net cash interest paid	(55)	(61)	9%

Statement of Financial Position

	2025 Q1 (£m)	31 March 2025 (£m)	Change (£m)
Housing properties	11,870	11,814	56
Other fixed assets	93	93	-
Investments	1,586	1,587	(1)
Net current assets	89	113	(24)
Total assets less current liabilities	13,638	13,607	31
Loans due > one year	5,385	5,415	(30)
Unamortised grant liabilities	1,989	1,996	(7)
Other long-term liabilities	428	427	1
Capital and reserves	5,836	5,769	67
Total non-current liabilities and reserves	13,638	13,607	31

Non-Sales Activities

	2025 Q1 (£m)	2024 Q1 (£m)	Change (£m)
Net rents receivable	211	205	6
Charges for support services	1	2	(1)
Amortised government grants	7	6	1
Other income	14	5	9
Turnover	233	218	15
Management costs	(21)	(19)	(2)
Service costs	(28)	(30)	2
Maintenance costs	(57)	(54)	(3)
Support costs	(1)	(3)	2
Depreciation & impairment	(27)	(26)	(1)
Other costs	(9)	(7)	(2)
Operating costs	(144)	(138)	(5)
Surplus on disposal of fixed assets	32	26	6
Change in value of investment property	-	-	-
Operating surplus	121	105	16

Arrears

Current tenant arrears for all tenures are at 5.43% (as at 31 March 2025: 5.20%).

Sales Activities

The cost of sales is inclusive of capitalised interest and overhead costs:

	2025 Q1 (£m)	2024 Q1 (£m)	Change (£m)
Property sales income	37	46	(9)
Land sales income	-	9	(9)
Turnover from sales (excluding JV's)	37	55	(18)
Cost of property sales	(33)	(41)	8
Cost of land sales	-	(2)	2
Operating costs	(5)	(6)	1
Impairment	-	-	-
Total costs (excluding JV's)	(38)	(49)	11
Operating Surplus (excluding JV's)	(1)	6	(7)
Joint venture turnover	12	12	-
Joint venture cost of sales	(11)	(11)	-
Joint venture operating costs	(3)	(1)	(2)
Impairment of investment in JV's	-	-	-
Share of profits from joint ventures	(1)	-	(1)

AVERAGE SELLING PRICE

The average selling price, including JVs, for outright market sales during the financial year to date was £440k (2024 Q1: £417k). The average selling price of first tranche shared ownership sales during the financial year to date was £425k (2024 Q1: £406k) with an average first tranche sale of 30% (2024 Q1: 32%).

SALES MARGINS

The cost of sales is inclusive of capitalised interest and overhead costs but excludes impairment:

	Shared Owner- ship (£m)	Outright Sales (Non-JV) (£m)	Land Sales (£m)	Outright Sales (JV's) (£m)	2025 Q1 (£m)	2024 Q1 (£m)	Change
Turnover	24	13	-	12	49	67	(18)
Cost of sales	(22)	(12)	-	(11)	(45)	(54)	9
Gross profit	2	1	-	1	4	13	9
Gross EBITDA margin	8%	8%	-	8%	8%	20%	12%
Operating costs	(2)	(1)	-	(3)	(6)	(7)	1
Operating surplus	-	-	-	(2)	(2)	6	(8)
Net EBITDA margin	0%	0%	-	(17%)	(4%)	9%	13%

UNSOLD STOCK

As at 30 June 2025, L&Q, including joint ventures, held 654 completed homes as unsold stock with a projected revenue of £100m. Projected revenue for shared ownership assumes a first tranche sale of 25%.

Of the total unsold stock, 6% has been held as stock for less than one month and 83% is for shared ownership, a tenure where we would expect to continue to show a higher comparative level of unsold stock due to bulk handovers in short time periods and limitations to pre-sale meaning gradual sales rates. In the year to date, L&Q has handed over 89 and sold 194 shared ownership homes.

L&Q's forward order book excluding joint ventures consists of 68 exchanged homes with projected revenue of £23m and 176 reservations with projected revenue of £24m.

Tenure	Projected Revenue (£m)	No. of Homes	<1 Month	1-3 Months	3-6 Months	6-12 Months	>12 Months
Shared Ownership	66	540	29	73	24	133	281
Outright Sale (non-JV's)	11	23	2	5	-	11	5
Total excluding JV's	77	563	31	78	24	144	286
Outright Sale (JCA's)	2	4	-	-	-	3	1
Outright Sale (JCE's)	21	87	5	54	18	3	7
Total Joint Ventures	23	91	5	54	18	6	8
Total Unsold Stock	100	654	36	132	42	150	294

NET DEBT AND LIQUIDITY

As at 30 June 2025, net debt (excluding derivative financial liabilities) was £5,378m (as at 31 March 2025: £5,428m) and available liquidity within the group in the form of committed un-drawn revolving credit facilities and non-restricted cash was at £1,101m (as at 31st March 2025: £1,051m). Approximately 54% of L&Q's loan facilities and 64% of drawn loan facilities are at a fixed cost. L&Q has £695m of debt maturities within the next 12 months.

UNENCUMBERED ASSETS

	2025 Q1	31 March 2025
No. of homes owned or managed	109,935	109,659
No. of social housing homes provided as collateral against debt facilities	(51,327)	(54,566)
No. of private rented homes provided as collateral against debt facilities	(1,295)	(1,295)
Total no. of unencumbered homes owned or under management	57,313	53,798
% of homes under management held as collateral against debt facilities	48%	51%
Unencumbered asset ratio ¹²	46%	46%

L&Q CREDIT RATINGS

As at date of trading statement release:

Rating Agency	S&P	Moody's	Fitch
Long-term credit ratings	BBB+/Stable	A3/Stable	A+/Negative

Notes:

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

² EBITDA-MRI / (turnover + turnover from joint ventures – amortised government grant)

³ EBITDA-MRI from non-sales activities / turnover from non-sales activities

⁴ Gross profit from sales + impairment / turnover from sales including joint ventures

⁵ Operating surplus from sales + impairment / turnover from sales including joint ventures

⁶ EBITDA-MRI / net cash interest paid

⁷ EBITDA-MRI from social housing lettings / net cash interest paid

⁸ Net debt (excluding derivative financial liabilities) / total assets less current liabilities

⁹ Gross debt / EBITDA-MRI

¹⁰ Sales turnover (including joint ventures) / (turnover plus turnover from joint ventures)

¹¹ Capitalised development expenditure + acquisition of investment property + purchase of other fixed assets

¹² 100% less (loans due after more than 1 year + derivative liabilities + unamortised grant liability) / total assets less current liabilities

This trading update contains certain forward-looking statements about the future outlook for L&Q. Although the Directors believe that these statements are based upon reasonable assumptions, any such statements should be treated with caution as the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

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