

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

London & Quadrant Housing Trust ('L&Q') is today issuing its consolidated unaudited trading update for the six months ended 30 September 2025 ('2025 Q2'). All statement of comprehensive income comparatives are to L&Q's consolidated unaudited prior year equivalent period being the six months ended 30 September 2024 ('2024 Q2').

HIGHLIGHTS

- There are 110,214 homes owned or managed (as at 31 March 2025: 109,659)
- L&Q has completed 1,052 new residential homes (2024 Q2: 950)
- Turnover was £511m (2024 Q2: £540m)
- EBITDA-MRI¹ was £199m (2024 Q2: £201m)
- EBITDA-MRI margin² was 36% (2024 Q2: 36%)
- EBITDA-MRI margin (excluding sales)³ was 47% (2024 Q2: 45%)
- Gross sales EBITDA-MRI margin⁴ was 10% (2024 Q2: 13%)
- Net sales EBITDA-MRI margin⁵ was (3)% (2024 Q2: 4%)
- EBITDA-MRI interest cover⁶ was 182% (2024 Q2: 164%)
- EBITDA-MRI social housing lettings interest cover⁷ was 170% (2024 Q2: 145%)
- Operating surplus was £199m (2024 Q2: £217m)
- Debt to assets⁸ was 41% (2024 Q2: 40%)
- Sales as a % of turnover¹⁰ was 22% (2024 Q2: 22%)

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

"L&Q's unaudited Q2 results reflect continued delivery against our corporate strategy, with a strong focus on investing in existing homes and services. Through our £3bn, 15-year Major Works Investment Programme, we've improved more than 15,300 homes since 2023. We're also making excellent progress on the sector's largest building safety programme, with inspections completed at over 2,000 buildings.

In August, the Regulator of Social Housing reaffirmed our compliance with the governance, financial viability and new consumer standards. In awarding our V2 rating for financial viability, the Regulator recognised that like other large housebuilders in the sector, we balance a number of material risks within our financial plan related to our development and sales programme, and our increased investment in existing homes, but that these risks are managed through effective reporting and oversight.

We continue to take steps to simplify and strengthen our organisation. In the quarter, we progressed plans to sell our private rented sector business and entered into contract for the transfer of 3,500 homes in South Buckinghamshire—subject to resident consultation and approvals. These changes support our strategy to focus on areas with the greatest concentration of homes, enabling better value and service for residents.

We continue to engage with government and partners to shape the implementation of June's Comprehensive Spending Review and look forward to further detail in the upcoming Budget. 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. This quarter saw key milestones including the completion of 645 affordable homes at Kidbrooke Village, topping-out of the third phase at Beam Park, and planning approval for our New Street scheme in Trafford, which will deliver much-needed affordable homes in Altrincham town centre."

FORWARD GUIDANCE FOR THE YEAR ENDING 31 MARCH 2026

We project operating surplus between £340m - £360m and EBITDA 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% is expected to be for social housing tenures.

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	c3%
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 1,052 (2024 Q2: 950) residential homes in the financial year to date. This comprises of 792 (2024 Q2: 746) completions for social housing tenures (75%) and 204 (2024 Q2: 204) completions for market tenures (25%). During that same time, 636 new build residential homes commenced on site (2024 Q2: 472) with the majority of starts being later phases of existing developments.

DEVELOPMENT PIPELINE

L&Q, including joint ventures, is operating from 85 (2024 Q2: 100) active sites. L&Q has approved 5 (2024 Q2: 554) homes during the financial year bringing total homes in the approved development pipeline to 8,074 (2024 Q2: 10,250), of which 69% are currently on site. Of the homes approved in the development pipeline 47% are for social housing tenures and 53% are for market tenures. L&Q holds a further potential 25,480 (2024 Q2: 25,480) 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 £1.8bn (2024 Q2: £2.4bn) of which £1.2bn (67%) is currently committed (2024 Q2: £1.9bn).

UNAUDITED FINANCIALS

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

Statement of Comprehensive Income

	2025 Q2 (£m)	2024 Q2 (£m)	Change
Turnover			
Non-sales	445	445	
Sales	66	95	
	511	540	(5%)
Operating costs and cost of sales			
Non-sales	(309)	(290)	
Sales	(67)	(90)	
	(376)	(380)	1%
Surplus on disposal of fixed assets and investments	66	57	
Share of profits from joint ventures	(2)	(1)	
Change in value of investment property	-	-	

Operating surplus	199	217	(8%)
Net interest charge	(106)	(116)	
Other finance income/ (costs)	-	(3)	
Disposal of business interest	-	(119)	
Taxation	-	-	
Surplus/(Loss) for the period after tax	93	(21)	542%

EBITDA MRI and Net Cash Interest Paid

	2025 Q2 (£m)	2024 Q2 (£m)	Change
Operating surplus	199	217	
Change in value of investment property	-	-	
Amortised government grant	(15)	(13)	
Depreciation	54	52	
Impairment	-	-	
Capitalised major repairs	(39)	(55)	
EBITDA MRI	199	201	(1%)
Net interest charge	(105)	(114)	
Capitalised interest	(5)	(8)	
Net cash interest paid	(110)	(122)	(11%)

Statement of Financial Position

	2025 Q2 (£m)	31 March 2025 (£m)	Change (£m)
Housing properties	11,864	11,807	57
Other fixed assets	96	93	3
Investments	1,543	1,573	(30)
Net current assets / (liabilities)	(221)	118	(339)
Total assets less current liabilities	13,282	13,591	(309)
Loans due > one year	5,051	5,415	(364)
Unamortised grant liabilities	1,980	1,996	(16)
Other long-term liabilities	404	426	(22)
Capital and reserves	5,847	5,754	93
Total non-current liabilities and reserves	13,282	13,591	(309)

Non-Sales Activities

	2025 Q2 (£m)	2024 Q2 (£m)	Change (£m)
Net rents receivable	422	414	8
Charges for support services	2	5	(3)
Amortised government grants	15	13	2
Other income	6	13	(7)
Turnover	445	445	-
Management costs	(47)	(41)	(6)
Service costs	(62)	(64)	2
Maintenance costs	(130)	(113)	(17)
Support costs	(4)	(5)	1
Depreciation & impairment	(54)	(52)	(3)
Other costs	(12)	(15)	4
Operating costs	(309)	(290)	(19)

Surplus on disposal of fixed assets	66	57	9
Change in value of investment property	-	-	-
Operating surplus	201	212	(11)

Arrears

Current tenant arrears for all tenures are at 5.70% (as at 31 March 2025: 5.20%)

Sales Activities

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

	2025 Q2 (£m)	2024 Q2 (£m)	Change (£m)
Property sales income	66	87	(21)
Land sales income	-	9	(9)
Turnover from sales (excluding JV's)	66	96	(30)
Cost of property sales	(60)	(79)	19
Cost of land sales	-	(2)	2
Operating costs	(6)	(9)	3
Impairment	-	-	-
Total costs (excluding JV's)	(66)	(90)	24
Operating Surplus (excluding JV's)	-	6	(6)
Joint venture turnover	57	27	30
Joint venture cost of sales	(51)	(26)	(25)
Joint venture operating costs	(8)	(2)	(6)
Impairment of investment in JV's	-	-	-
Share of (losses)/profits from joint ventures	(2)	(1)	(2)

AVERAGE SELLING PRICE

The average selling price, including JVs, for outright market sales during the financial year to date was £361k (2024 Q2: £372k). The average selling price of first tranche shared ownership sales during the financial year to date was £403k (2024 Q2: £409k) with an average first tranche sale of 31% (2024 Q2: 32%).

SALES MARGINS

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

	<i>Shared Owner- ship (£m)</i>	<i>Outright Sales (Non-JV) (£m)</i>	<i>Land Sales (£m)</i>	<i>Outright Sales (JV's) (£m)</i>	2025 Q2 (£m)	2024 Q2 (£m)	Change
Turnover	45	21	-	57	123	123	-
Cost of sales	(41)	(19)	-	(51)	(111)	(107)	(4)
Gross profit	4	2	-	6	12	16	(4)
Gross EBITDA margin	8%	9%	-	11%	10%	13%	(3%)
Operating costs	(5)	(2)	-	(8)	(15)	(11)	(4)
Operating (loss)/surplus	(1)	-	-	(2)	(3)	5	(8)
Net EBITDA margin	(2%)	(1%)	-	(4%)	(3%)	4%	(7%)

UNSOLD STOCK

As at 30 September 2025, L&Q, including joint ventures, held 694 completed homes (2024 Q2: 652) as unsold stock with a projected revenue of £101m (2024 Q2: £95m). Projected revenue for shared ownership assumes a first tranche sale of 25%.

Of the total unsold stock, 0% has been held as stock for less than one month and 81% 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 282 and sold 372 shared-ownership homes.

L&Q's forward order book excluding joint ventures consists of 63 exchanged homes with projected revenue of £23m and 207 reservations with projected revenue of £41m.

<i>Tenure</i>	Projected Revenue (£m)	No. of Homes	<i><1 Month</i>	<i>1-3 Months</i>	<i>3-6 Months</i>	<i>6-12 Months</i>	<i>>12 Months</i>
Shared Ownership	66	559	1	154	26	150	228
Outright Sale (non-JV's)	7	15	-	-	2	7	6
Total excluding JV's	73	574	1	154	28	157	234
Outright Sale (JCA's)	-	5	-	-	-	3	2
Outright Sale (JCE's)	28	115	2	65	16	26	6
Total Joint Ventures	28	120	2	65	16	29	8
Total Unsold Stock	101	694	3	219	44	186	242

NET DEBT AND LIQUIDITY

As at 30 September 2025, net debt (excluding derivative financial liabilities) was £5,408m (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 £1,068m (as at 31 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 £940m of debt maturities within the next 12 months.

UNENCUMBERED ASSETS

	2025 Q2	31 March 2025
No. of homes owned or managed	110,214	109,659
No. of social housing homes provided as collateral against debt facilities	(50,724)	(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	58,195	53,798
% of homes under management held as collateral against debt facilities	47%	51%
Unencumbered asset ratio¹²	47%	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-/Stable

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.

For further information, please contact:

investors@lqgroup.org.uk

James Howell, Director of Partnerships

020 8189 1596

www.lqgroup.org.uk

END