

London & Quadrant Housing Trust Trading Update for the period ending 31 December 2025

London & Quadrant Housing Trust ('L&Q') is today issuing its consolidated unaudited trading update for the nine months ended 31 December 2025 ('2025 Q3'). All statement of comprehensive income comparatives are to L&Q's consolidated unaudited prior year equivalent period being the nine months ended 31 December 2024 ('2024 Q3').

HIGHLIGHTS

- There are 110,527 homes owned or managed (as at 31 March 2025: 109,659)
- L&Q has completed 1,506 new residential homes (2024 Q3: 1,410)
- Turnover was £764m (2024 Q3: £803m)
- EBITDA-MRI¹ was £274m (2024 Q3: £310m)
- EBITDA-MRI margin² was 34% (2024 Q3: 37%)
- EBITDA-MRI margin (excluding sales)³ was 42% (2024 Q3: 47%)
- Gross sales EBITDA-MRI margin⁴ was 12% (2024 Q3: 11%)
- Net sales EBITDA-MRI margin⁵ was (1)% (2024 Q3: 3%)
- EBITDA-MRI interest cover⁶ was 168% (2024 Q3: 170%)
- EBITDA-MRI social housing lettings interest cover⁷ was 154% (2024 Q3: 151%)
- Operating surplus was £299m (2024 Q3: £342m)
- Debt to assets⁸ was 41% (2024 Q3: 40%)
- Sales as a % of turnover¹⁰ was 20% (2024 Q3: 22%)

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

"L&Q's unaudited Q3 results reflect ongoing delivery against our corporate strategy, with a continued emphasis on long-term investment in the quality of our existing homes through our £3bn, 15-year Major Works Investment Programme and extensive building safety and inspection programme.

This ongoing commitment to investing in our homes is reflected in our year-on-year performance. EBITDA-MRI was £276m (2024 Q3: £310m), including maintenance expenditure of £285m (2024 Q3: £253m).

On 26th January 2026, we completed the transfer of 3,500 homes in South Buckinghamshire to Paradigm Homes Charitable Housing Association Limited (trading as SettleParadigm). This transfer is part of our ongoing efforts to rationalise stock that is outside our core geographies of Greater London and Greater Manchester. Focusing our activity on areas where we have the greatest concentration of homes, enables us to provide responsive services which offer best value for residents. During the quarter we also made good progress on the sale of our private rented sector business; part of our continued strategy to simplify L&Q, focus on our core purpose as a social housing provider, and increase our financial capacity.

Housing associations play a key role in supporting the government's ambitious housebuilding targets, and we welcomed the further guidance on the Social and Affordable Homes Programme announced in November 2025 and the package of further measures announced in January 2026, aimed at boosting new affordable housing. These measures show the government is serious about delivering a decade of renewal in social housing, and at L&Q, we're determined to play our part in delivering on this mission. We particularly welcome the updated Decent Homes Standard, which supports better outcomes for residents whilst enabling the continued delivery of new homes, and the reintroduction of rent convergence, which provides greater certainty, helping housing associations like L&Q plan and invest for the long term, whilst keeping homes affordable for the people we serve

Alongside ongoing priority investment in our existing homes, we continue to develop new affordable and social housing. Due to forecast bulk handovers and limitations to shared ownership pre-sale, we expect unsold stock to grow in the short term. This quarter saw significant milestones in our development pipeline, including completing 128 affordable homes at Victoria Riverside, our first shared ownership homes in Manchester, and topping out the third phase of Beam Park, which will deliver 520 new homes for Barking and Dagenham Council within a 4,000-home masterplan.”

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% 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	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 1,506 (2024 Q3: 1,410) residential homes in the financial year to date. This comprises of 1,174 (2024 Q3: 1,111) completions for social housing tenures (78%) and 333 (2024 Q3: 299) completions for market tenures (22%). During that same time, 838 new build residential homes commenced on site (2024 Q3: 384) with the majority of starts being later phases of existing developments.

DEVELOPMENT PIPELINE

L&Q, including joint ventures, is operating from 75 (2024 Q3: 97) active sites. L&Q has approved 8 (2024 Q3: 556) homes during the financial year bringing total homes in the approved development pipeline to 7,770 (2024 Q3: 9,807), of which 66% are currently on site. Of the homes approved in the development pipeline 44% are for social housing tenures and 56% are for market tenures. L&Q holds a further potential 25,480 (2024 Q3: 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 Q3: £2.3bn) of which £1.2bn (67%) is currently committed (2024 Q3: £1.5bn).

UNAUDITED FINANCIALS

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

Statement of Comprehensive Income

	2025 Q3 (£m)	2024 Q3 (£m)	Change
Turnover			
Non-sales	672	672	
Sales	92	131	
	764	803	(5%)

Operating costs and cost of sales			
Non-sales	(478)	(436)	
Sales	(94)	(125)	
	(572)	(561)	(2%)
Surplus on disposal of fixed assets and investments	106	102	
Share of profits from joint ventures	-	(2)	
Change in value of investment property	-	-	
Operating surplus	299	342	(12%)
Net interest charge	(160)	(168)	
Other finance income/ (costs)	-	(4)	
Disposal of business interest	-	(120)	
Taxation	-	-	
Surplus for the period after tax	138	50	180%

EBITDA MRI and Net Cash Interest Paid

	2025 Q3	2024 Q3	Change
	(£m)	(£m)	
Operating surplus	298	342	
Change in value of investment property	-	-	
Amortised government grant	(22)	(20)	
Depreciation	82	78	
Impairment	-	-	
Capitalised major repairs	(84)	(90)	
EBITDA-MRI	274	310	(11%)
Net interest charge	(158)	(166)	
Capitalised interest	(6)	(16)	
Net cash interest paid	(164)	(182)	10%

Statement of Financial Position

	2025 Q3	31 March	Change
	(£m)	2025	
		(£m)	(£m)
Housing properties	11,981	11,807	174
Other fixed assets	92	93	(1)
Investments	1,544	1,573	(29)
Net current assets	(363)	118	(481)
Total assets less current liabilities	13,254	13,591	(337)
Loans due > one year	4,907	5,415	(508)
Unamortised grant liabilities	2,039	1,996	43
Other long-term liabilities	416	426	(10)
Capital and reserves	5,892	5,754	138
Total non-current liabilities and reserves	13,254	13,591	(337)

Non-Sales Activities

	2025 Q3	2024 Q3	Change
	(£m)	(£m)	(£m)
Net rents receivable	634	626	8
Charges for support services	3	6	(3)

Amortised government grants	22	20	2
Other income	13	20	(7)
Turnover	672	672	-
Management costs	(73)	(62)	(11)
Service costs	(96)	(97)	1
Maintenance costs	(200)	(171)	(29)
Support costs	(3)	(6)	3
Depreciation & impairment	(82)	(78)	(4)
Other costs	(24)	(22)	-
Operating costs	(478)	(436)	(40)
Surplus on disposal of fixed assets	106	102	4
Change in value of investment property	-	-	-
Operating surplus	300	338	36

Arrears

Current tenant arrears for all tenures are at 6.16% (as at 31 March 2025: 5.20%).

Sales Activities

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

	2025 Q3	2024 Q3	Change (£m)
	(£m)	(£m)	
Property sales income	91	122	(31)
Land sales income	1	9	(8)
Turnover from sales (excluding JV's)	92	131	(39)
Cost of property sales	(83)	(110)	27
Cost of land sales	-	(2)	2
Operating costs	(10)	(13)	3
Impairment	-	-	-
Total costs (excluding JV's)	(93)	(125)	32
Operating Surplus (excluding JV's)	(1)	6	7
Joint venture turnover	75	54	21
Joint venture cost of sales	(64)	(53)	(11)
Joint venture operating costs	(11)	(3)	(8)
Impairment of investment in JV's	-	-	-
Share of profits from joint ventures	-	(2)	2

AVERAGE SELLING PRICE

The average selling price, including JVs, for outright market sales during the financial year to date was £379k (2024 Q3: £406k). The average selling price of first tranche shared ownership sales during the financial year to date was £402k (2024 Q3: £408k) with an average first tranche sale of 31% (2024 Q3: 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 Q3	2024 Q3	Change
					(£m)	(£m)	
Turnover	60	32	1	75	168	185	(17)

Cost of sales	(55)	(28)	-	(64)	(147)	(165)	18
Gross profit	5	4	1	11	21	20	1
Gross EBITDA margin	8%	13%	100%	15%	12%	11%	1%
Operating costs	(7)	(4)	-	(11)	(22)	(16)	(6)
Operating surplus	(2)	-	1	-	(1)	4	(5)
Net EBITDA margin	(3%)	-	100%	-	(1%)	3%	(4%)

UNSOLD STOCK

As at 31 December 2025, L&Q, including joint ventures, held 696 completed homes as unsold stock with a projected revenue of £113m. Projected revenue for shared ownership assumes a first tranche sale of 25%.

Of the total unsold stock, 1% has been held as stock for less than one month and 85% 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 446 and sold 501 shared ownership homes.

L&Q's forward order book excluding joint ventures consists of 53 exchanged homes with projected revenue of £22m and 102 reservations with projected revenue of £15m.

Tenure	Projected Revenue (£m)	No. of Homes	<1 Month	1-3 Months	3-6 Months	6-12 Months	>12 Months
Shared Ownership	81	590	-	146	131	30	283
Outright Sale (non-JV's)	15	34	-	28	-	4	2
Total excluding JV's	96	624	-	174	131	34	285
Outright Sale (JCA's)	-	-	-	-	-	-	-
Outright Sale (JCE's)	17	72	7	1	37	26	1
Total Joint Ventures	17	72	7	1	37	26	1
Total Unsold Stock	113	696	7	175	168	60	286

NET DEBT AND LIQUIDITY

As at 31 December 2025, net debt (excluding derivative financial liabilities) was £5,369m (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 £1,007m (as at 31 March 2025: £1,051m). Approximately 54% of L&Q's loan facilities and 63% of drawn loan facilities are at a fixed cost. L&Q has £1,215m of debt maturities within the next 12 months.

UNENCUMBERED ASSETS

	2024 Q3	31 March 2025
No. of homes owned or managed	110,527	109,659
No. of social housing homes provided as collateral against debt facilities	(51,318)	(54,566)
No. of private rented homes provided as collateral against debt facilities	(1,295)	(1,295)
Total no. of unencumbered homes under management	57,914	53,798
% of homes under management held as collateral against debt facilities	48%	51%
Unencumbered asset ratio ¹²	48%	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.

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