

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

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

HIGHLIGHTS

- There are 109,673 homes owned or managed (2024: 109,485)
- L&Q has completed 2,316 new residential homes (2024: 2,955)
- Turnover was £1,098m (2024: £1,122m)
- EBITDA¹ was £376m (2024: £343m)
- EBITDA margin² was 33% (2024: 28%)
- EBITDA margin (excluding sales)³ was 42% (2024: 35%)
- Gross sales EBITDA margin⁴ was 10% (2024: 15%)
- Net sales EBITDA margin⁵ was 3% (2024: 8%)
- EBITDA interest cover⁶ was 157% (2024: 142%)
- EBITDA social housing lettings interest cover⁷ was 137% (2024: 121%)
- Operating surplus was £431m (2024: £333m)
- Debt to assets⁸ was 40% (2024: 40%)
- Gross debt to EBITDA⁹ was 14.7x (2024: 16.5x)
- Sales as a % of turnover¹⁰ was 23% (2024: 35%)

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

"L&Q's preliminary unaudited results reflect continued delivery against our corporate strategy that prioritises providing better services for residents and creating capacity for greater investment in our existing homes to ensure their ongoing safety, comfort and environmental performance.

We invested £372m (2024: £328m) in our maintenance programme, and we 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 our expenditure on repairs. Underpinning our service and home improvements is an organisation-wide programme to transform our technologies and ways of working. As part of this we have now launched new housing and finance management systems that will enhance our operational efficiency and bring further improvements to the services we offer residents.

We also continue to take a strategic approach to rationalising stock, considering homes for transfer or sale where they sit outside our core areas of Greater London and Greater Manchester, or are uneconomic for us to maintain. This includes our announcement in Q4 of our plans to transfer 3,500 homes in South Buckinghamshire, which supports our strategic decision to focus our activity on areas where we have the greatest concentration of homes, enabling us to provide more efficient and better value services for residents. As at 31st March 2025, fixed asset sales generated a surplus of £146m (2024: £117m).

EBITDA was higher year on year at £376m in 2025 (2024: £343m). Our 2025 unaudited results exclude any provision for impairment that is subject to audit review. Our current estimate suggests that the net impairment charge could be in the range of £20m to £40m which will lower operating surplus but will not impact EBITDA. The primary reason for the variance is the marginal cost accounting treatment for impairment. This links the cost of impairments to the bond markets which have been volatile in recent months. Our balance sheet remains well-capitalised with net debt stable at £5.4bn and available liquidity of £1bn.

Investment in our development pipeline continues to reduce in line with our strategic objective to derisk our business and prioritise investment in existing homes and services. Our committed development pipeline is £1.4bn (2024: £2.0bn). However, we continue to seek opportunities to deliver affordable homes to help tackle the housing crisis where it doesn't compromise these aims. In Q1 we secured planning permission to develop 147 much-needed new homes in Trafford through a Joint Venture with Trafford Council."

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% are expected to be affordable.

Financial Metrics	Forward Guidance to 31 March 2026
EBITDA margin ²	26% - 28%
EBITDA margin (excluding sales) ³	15% - 20%
Gross sales EBITDA margin ⁴	c.3%
EBITDA interest cover ⁶	145% - 155%
EBITDA Social housing lettings interest Cover ⁷	155% - 165%
Debt to assets ⁸	<33%
Gross debt to EBITDA ⁹	<15x
Sales as a % of turnover ¹⁰	< 23%

HOUSING COMPLETIONS

L&Q, including joint ventures, has completed 2,316 (2024: 2,955) residential homes in the financial year. This comprises of 1,875 (2024: 2,017) completions for social housing tenures (81%) and 441 (2024: 938) completions for market tenures (19%). During that same time 519 new build residential homes commenced on site (2024: 813) with the majority of starts being later phases of existing developments.

DEVELOPMENT PIPELINE

L&Q, including joint ventures, is operating from 90 (2024: 133) active sites. L&Q has approved an additional 810 (2024: 6) homes during the financial year bringing total homes in the approved development pipeline to 8,877 (2024: 11,317), of which 67% are currently on site. Of the homes approved in the development pipeline 50% are for social housing tenures and 50% are for market tenures. L&Q holds a further potential 25,480 (2024: 83,062) 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 £2.1bn (2024: £2.5bn) of which £1.4bn (80%) is currently committed (2024: £2.0bn).

UNAUDITED FINANCIALS

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

Statement of Comprehensive Income

	2025 (£m)	2024 (£m)	Change
Turnover			
Non-sales	906	824	
Sales	192	298	
	1,098	1,122	(2%)
Operating costs and cost of sales			
Non-sales	(618)	(629)	
Sales	(170)	(262)	
	(788)	(891)	12%
Surplus on disposal of fixed assets and investments	146	117	
Share of profits from joint ventures	-	15	
Change in value of investment property	(25)	(30)	
Operating surplus	431	333	29%
Net interest charge	(224)	(210)	
Other finance income/ (costs)	(6)	(10)	
Disposal of business interests	(120)	-	
Taxation	7	4	
Surplus for the period after tax	88	117	(23)%

EBITDA and Net Cash Interest Paid

	2025 (£m)	2024 (£m)	Change
Operating surplus	431	333	
Change in value of investment property	25	30	
Amortised government grant	(27)	(28)	
Depreciation	105	101	
Impairment	(14)	18	
Capitalised major repairs	(144)	(111)	
EBITDA	376	343	10%
Net interest charge	(221)	(210)	
Capitalised interest	(18)	(33)	
Net cash interest paid	(239)	(243)	2%

Statement of Financial Position

	2025 (£m)	2024 (£m)	Change (£m)
Housing properties	11,876	11,617	259
Other fixed assets	93	81	12
Investments	1,565	1,628	(63)
Net current assets	103	341	(238)
Total assets less current liabilities	13,637	13,667	(30)
Loans due > one year	5,415	5,516	(101)
Unamortised grant liabilities	1,998	2,020	(22)
Other long-term liabilities	415	410	5
Capital and reserves	5,809	5,721	88
Total non-current liabilities and reserves	13,637	13,667	(30)

Non-Sales Activities

	2025 (£m)	2024 (£m)	Change (£m)
Net rents receivable	833	754	79
Charges for support services	8	12	(4)
Amortised government grants	27	28	(1)
Other income	38	30	8
Turnover	906	824	82
Management costs	(83)	(82)	(1)
Service costs	(135)	(123)	(12)
Maintenance costs	(250)	(242)	(8)
Support costs	(8)	(12)	4
Depreciation & impairment	(105)	(136)	31
Other costs	(37)	(34)	(3)
Operating costs	(618)	(629)	11
Surplus on disposal of fixed assets	146	117	29
Change in value of investment property	(25)	(30)	5
Operating surplus	409	282	127

Arrears

Current tenant arrears for all tenures are at 5.20% (as at 31 March 2024: 5.31%).

Sales Activities

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

	2025 (£m)	2024 (£m)	Change (£m)
Property sales income	160	215	(55)
Land sales income	32	83	(51)
Turnover from sales (excluding JV's)	192	298	(106)
Cost of property sales	(140)	(211)	71
Cost of land sales	(31)	(48)	17
Operating costs	(13)	(21)	8
Impairment	14	18	(4)
Total costs (excluding JV's)	(170)	(262)	92
Operating Surplus (excluding JV's)	22	36	(14)
Joint venture turnover	72	127	(55)
Joint venture cost of sales	(67)	(104)	37
Joint venture operating costs	(5)	(8)	3
Impairment of investment in JV's	-	-	-
Share of profits from joint ventures	-	15	(15)

AVERAGE SELLING PRICE

The average selling price, including JVs, for outright market sales during the financial year to date was £419k (2024: £530k). The average selling price of first tranche shared ownership sales during the financial year to date was £407k (2024: £412k) with an average first tranche sale of 32% (2024: 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 (£m)	2024 (£m)	Change
Turnover	111	49	32	72	264	425	(253)
Cost of sales	(99)	(41)	(31)	(67)	(238)	(363)	182
Gross profit	12	8	1	5	26	62	(71)
Gross EBITDA margin	11%	16%	3%	7%	10%	15%	6%
Operating costs	(7)	(3)	(3)	(5)	(18)	(29)	27
Operating surplus	5	5	(2)	-	8	33	(44)
Net EBITDA margin	5%	10%	(6)%	-%	3%	8%	4%

UNSOLD STOCK

As at 31 March 2025, L&Q, including joint ventures, held 743 (2024: 902) completed homes as unsold stock with a projected revenue of £108m. Projected revenue for shared ownership assumes a first tranche sale of 25%.

Of the total unsold stock, 24% has been held as stock for less than one month and 87% 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, L&Q has handed over 644 and sold 874 shared ownership homes.

L&Q's forward order book excluding joint ventures consists of 61 exchanged homes with projected revenue of £19m and 185 reservations with projected revenue of £27m.

Tenure	Projected Revenue (£m)	No. of Homes	<1 Month	1-3 Months	3-6 Months	6-12 Months	>12 Months
Shared Ownership	78	646	133	12	147	93	261
Outright Sale (non-JV's)	12	26	6	-	8	10	2
Total excluding JV's	90	672	139	12	155	103	263
Outright Sale (JCA's)	2	4	-	-	3	-	1
Outright Sale (JCE's)	16	67	38	15	6	1	7
Total Joint Ventures	18	71	38	15	9	1	8
Total Unsold Stock	108	743	177	27	164	104	271

NET DEBT AND LIQUIDITY

As at 31 March 2025, net debt (excluding derivative financial liabilities) was £5,428m (as at 31 March 2024: £5,456m) and available liquidity within the group in the form of committed un-drawn revolving credit facilities and non-restricted cash was at £1,051m (as at 31 March 2024: £1,009m). Approximately 54% of L&Q's loan facilities and 63% of drawn loan facilities are at a fixed cost. L&Q has £395m of debt maturities within the next 12 months.

UNENCUMBERED ASSETS

	2025	31 March 2024
No. of homes owned or managed	109,673	109,485
No. of social housing homes provided as collateral against debt facilities	(54,566)	(55,772)
No. of private rented homes provided as collateral against debt facilities	(1,295)	(1,295)
Total no. of unencumbered homes owned or under management	53,812	52,418
% of homes under management held as collateral against debt facilities	51%	52%
Unencumbered asset ratio ¹²	46%	45%

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 / (turnover + turnover from joint ventures – amortised government grant)

³ EBITDA 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 / net cash interest paid

⁷ EBITDA from social housing lettings / net cash interest paid

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

⁹ Gross debt / EBITDA

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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