RNS Number : 7906P
London & Quadrant Housing Trust
07 August 2026

London & Quadrant Housing Trust Trading Update for the period ending 30 June 2026

London & Quadrant Housing Trust ('L&Q') is today issuing its consolidated unaudited trading update for the three months ended 30 June 2026 ('2026 Q1'). All statement of comprehensive income comparatives are to L&Q's consolidated unaudited prior year equivalent period being the three months ended 30 June 2025 ('2025 Q1').

HIGHLIGHTS

- There are 106,055 homes owned or managed (as at 31 March 2026: 107,176)
- L&Q has completed 301 new residential homes (2025 Q1: 563)
- Turnover was £241m (2025 Q1: £271m)
- EBITDA[1] was £90m (2025 Q1: £140m)
- EBITDA interest cover[2] was 191% (2025 Q1: 255%)
- EBITDA-MRI[3] was £64m (2025 Q1: £120m)
- EBITDA-MRI margin[4] was 26% (2025 Q1: 46%)
- EBITDA-MRI margin (excluding sales)[5] was 32% (2025 Q1: 54%)
- Gross sales EBITDA margin[6] was 1% (2025 Q1: 8%)
- Net sales EBITDA margin[7] was (26%) (2025 Q1: (-4%)
- EBITDA-MRI interest cover[8] was 136% (2025 Q1: 217%)
- EBITDA-MRI social housing lettings interest cover[9] was 143% (2025 Q1: 224%)
- Operating surplus was £70m (2025 Q1: £120m)
- Debt to assets[10] was 36% (2025 Q1: 39%)
- Sales as a % of turnover[11] was 11% (2025 Q1: 18%)

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

"L&Q's unaudited Q1 results include a major strategic milestone, the completion of the sale of Metra Living, our Private Rented Sector business. After a robust and highly competitive bid process, Metra Living was sold to an investment fund managed by Morgan Stanley Real Estate Investing in partnership with Ridgeback for an enterprise value of £1.045bn in June 2026.

The transaction has immediately reduced net debt by c.£1bn and will significantly reduce future interest costs. It has strengthened our balance sheet, with debt to assets reducing from 41% at 31st March 2026 to 36% at the end of the quarter. Noting the reported one off accounting loss on disposal of £233m, the longer term positive financial impact it unlocks represents a positive net benefit to the business.

Taken together with the sale of L&Q Estates in 2024 and the transfer of over 10,000 homes located outside our core geographies over the past five years, this sale represents the completion of a significant programme of strategic asset management undertaken to simplify L&Q, allowing us to focus on our core purpose as a social housing provider in Greater London and Greater Manchester by strengthening our financial capacity.

This sale is fundamental in enabling delivery of Our Future Shape 2026-31 strategy, which sets out how we will continue to invest record amounts in resident's homes and services. This will include accelerating funding for our Major Works Investment Programme - the industry's largest programme of its kind to improve the safety, comfort and environmental performance of residents' homes. We will also make major investments to transform our systems and ways of working in order to provide better landlord services to residents.

Our financial resilience is further strengthened by recent government measures which have brought much-needed financial certainty to the housing sector. We welcome Prime Minister Andy Burnham and Secretary of State Angela Rayner to their new roles, and are committed to supporting them to champion better outcomes for social housing. One of the ways we'll do this is by continuing our long-term drive to invest in new housing across Greater London and Greater Manchester, driven by a strategic objective to build c. 8,500 new homes by 2031, of which half will be affordable. This will be achieved through projects such as the recently completed Kew Bridge Rise, our joint venture development with The Hill Group. Kew Bridge Rise has delivered 441 new homes in Brentford, 50% of which are affordable. Sustainability has been embedded throughout the scheme, with features including air-source heat pumps, solar panels, electric vehicle charging points and biodiversity enhancements. The development has also generated significant social value through employment, skills and community initiatives, creating lasting benefits for local people and communities.

As well as making major investments in new and existing homes, our new strategy sets out how we will maximise L&Q's effectiveness by managing our finances, governance, data, people and environmental impact as efficiently as possible. More detail about the activity we'll deliver in 2026/27 to achieve our ambitions is set out in nine strategic plans, published on our website this quarter."

HOUSING COMPLETIONS

L&Q, including joint ventures, has completed 301 (2025 Q1: 563) residential homes in the financial year to date. This comprises of 282 completions (94%) for social housing tenures (2025 Q1: 428) and 19 completions (6%) for market tenures (2025 Q1: 135). During that same time, 318 new build residential homes commenced on site (2025 Q1: 329) with the majority of starts being later phases of existing developments.

DEVELOPMENT PIPELINE

L&Q, including joint ventures, is operating from 66 (2025 Q1: 87) active sites. L&Q has approved 131 (2025 Q1: 13) homes during the financial year bringing total homes in the approved development pipeline to 6,425 (2025 Q1: 8,341), of which 80% are currently on site. Of the homes approved in the development pipeline 37% are for social housing tenures and 63% are for market tenures. L&Q holds a further potential 20,556 (2025 Q1: 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 £1.7bn (2025 Q1: £1.9bn) of which £1.3bn (76%) is currently committed (2025 Q1: £1.3bn).

UNAUDITED FINANCIALS

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

Statement of Comprehensive Income

	2026 Q1 (£m)	2025 Q1 (£m)	Change
Turnover			
Non-sales	225	233	
Sales	16	37	
	241	**271**	**(11%)**
Operating costs and cost of sales			
Non-sales	(172)	(144)	
Sales	(22)	(38)	
	(194)	**(182)**	**(6%)**
Surplus on disposal of fixed assets and investments	25	32	
Share of profits from joint ventures	(2)	(1)	
Change in value of investment property	-	-	
Operating surplus	**70**	**120**	**(41%)**
Net interest charge	(46)	(51)	
Other finance income/ (costs)	(1)	(1)	
Disposal of business interest	(233)	-	
Taxation	-	-	
Surplus for the period after tax	**(210)**	**67**	**(413%)**

EBITDA and Net Cash Interest Paid

	2026 Q1 (£m)	2025 Q1 (£m)	Change
Operating surplus	70	120	
Change in value of investment property	-	-	
Amortised government grant	(7)	(7)	
Depreciation	27	27	
Impairment	-	-	
EBITDA	**90**	**140**	
Capitalised major repairs	(26)	(20)	
EBITDA-MRI	**64**	**120**	**(48%)**
Net interest charge	(45)	(50)	
Capitalised interest	(2)	(5)	
Net cash interest paid	**(47)**	**(55)**	**15%**

Statement of Financial Position

	2026 Q1 (£m)	31 March 2026 (£m)	Change (£m)
Housing properties	11,541	11,678	(137)
Other fixed assets	91	92	(1)
Investments	335	1,515	(1,180)
Net current assets	(319)	(819)	500
Total assets less current liabilities	**11,648**	**12,466**	**(818)**
Loans due > one year	3,728	4,206	(478)
Unamortised grant liabilities	2,002	2,004	(2)
Other long-term liabilities	380	348	32
Capital and reserves	5,538	5,908	(370)
Total non-current liabilities and reserves	**11,648**	**12,466**	**(818)**

Non-Sales Activities

	2026 Q1 (£m)	2025 Q1 (£m)	Change (£m)
Net rents receivable	211	211	-
Charges for support services	1	1	-
Amortised government grants	7	7	-
Other income	6	14	(8)
Turnover	**225**	**233**	**(8)**
Management costs	(26)	(21)	(5)
Service costs	(35)	(28)	(7)
Maintenance costs	(73)	(57)	(16)
Support costs	(1)	(1)	-
Depreciation & impairment	(27)	(27)	-
Other costs	(10)	(9)	(1)
Operating costs	**(172)**	**(144)**	**(29)**
Surplus on disposal of fixed assets	25	32	(7)
Change in value of investment property	-	-	-
Operating surplus	**77**	**121**	**(44)**

Arrears

Current social housing tenants' gross rent arrears as a percentage of rent receivable for the year are 5.22% (as at 31 March 2026: 5.57%).

Sales Activities

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

	2026 Q1 (£m)	2025 Q1 (£m)	Change (£m)
Property sales income	16	37	(21)
Land sales income	-	-	-
Turnover from sales (excluding JV's)	**16**	**37**	**(21)**
Cost of property sales	(17)	(33)	16
Cost of land sales	-	-	-
Operating costs	(5)	(5)	-
Impairment	-	-	-
Total costs (excluding JV's)	**(22)**	**(38)**	**16**
Operating Surplus (excluding JV's)	**(6)**	**(1)**	**(5)**
Joint venture turnover	11	12	(1)
Joint venture cost of sales	(10)	(11)	1
Joint venture operating costs	(3)	(3)	-
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 £503k (2025 Q1: £440k). The average selling price of first tranche shared ownership sales during the financial year to date was £448k (2025 Q1: £425k) with an average first tranche sale of 27% (2025 Q1: 30%).

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)	**2026 Q1** (£m)	**2025 Q1** (£m)	**Change** (£m)
Turnover	8	9	-	11	**28**	**49**	(21)
Cost of sales	(8)	(9)	-	(10)	**(27)**	**(45)**	18
Gross profit	**(0)**	**(0)**	**-**	**1**	**1**	**4**	(3)
Gross EBITDA margin	(7%)	(4%)	-	9%	**1%**	**8%**	(7%)
Operating costs	(2)	(2)	-	(3)	**(7)**	**(6)**	(1)
Operating surplus	**(2)**	**(2)**	**-**	**(2)**	**(6)**	**(2)**	(4)
Net EBITDA margin	(34%)	(31%)	-	(17%)	**(26%)**	**(4%)**	(22%)

UNSOLD STOCK

As at 30 June 2026, L&Q, including joint ventures, held 692 (2025 Q1: 654) completed homes as unsold stock with a projected revenue of £111m. Projected revenue for shared ownership assumes a first tranche sale of 27%.

Of the total unsold stock, 3% has been held as stock for less than one month and 76% 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 12 and sold 63 shared-ownership homes.

L&Q's forward order book excluding joint ventures consists of 12 exchanged homes with projected revenue of £2m and 19 reservations with projected revenue of £3m.

Tenure	**Projected Revenue (£m)**	**No. of Homes**	<1 Month	1-3 Months	3-6 Months	6-12 Months	>12 Months
Shared Ownership	56	529	12	-	55	238	224
Outright Sale (non-JV's)	27	59	-	-	31	28	-
Total excluding JV's	**83**	**588**	**12**	**-**	**86**	**266**	**224**
Outright Sale (JCA's)	-	-	-	-	-	-	-
Outright Sale (JCE's)	28	104	8	7	66	15	8
Total Joint Ventures	**28**	**104**	**8**	**7**	**66**	**15**	**8**
Total Unsold Stock	**111**	**692**	**20**	**7**	**152**	**281**	**232**

NET DEBT AND LIQUIDITY

As at 30 June 2026, net debt (excluding derivative financial liabilities) was £4,162m (as at 31 March 2026: £5,101m) and available liquidity within the group in the form of committed un-drawn revolving credit facilities and non-restricted cash was at £1,708m (as at 31 March 2026: £1,360m). Approximately 49% of L&Q's loan facilities and 68% of drawn loan facilities are at a fixed cost. L&Q has £495m of debt maturities within the next 12 months.

UNENCUMBERED ASSETS

	2026 Q1	**31 March 2026**
No. of homes owned or managed	106,055	107,176
No. of social housing homes provided as collateral against debt facilities	(50,760)	(50,464)
No. of private rented homes provided as collateral against debt facilities	-	(1,295)
Total no. of unencumbered homes under management	**55,295**	**55,417**
% of homes under management held as collateral against debt facilities	48%	48%
Unencumbered asset ratio[12]	51%	50%

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 +/-actuarial losses/gains in pension schemes
[2] EBITDA / net cash interest paid
[3] Operating surplus – change in value of investment properties – amortised government grant + depreciation + impairment -capitalised major repairs +/-actuarial losses/gains in pension schemes
[4] EBITDA-MRI / (turnover + turnover from joint ventures – amortised government grant)
[5] EBITDA-MRI from non-sales activities / turnover from non-sales activities
[6] Gross profit from sales + impairment / turnover from sales including joint ventures
[7] Operating surplus from sales + impairment / turnover from sales including joint ventures
[8] EBITDA-MRI / net cash interest paid
[9] EBITDA-MRI from social housing lettings / net cash interest paid
[10] Net debt (excluding derivative financial liabilities) / total assets less current liabilities
[11] Sales turnover (including joint ventures) / (turnover plus turnover from joint ventures)
[12] 100% less (loans due after more than 1 year + derivative liabilities + unamortised grant liability) / total assets less current liabilities

For further information, please contact:

investors@lqgroup.org.uk

Mike Nuttall, Director of Corporate Communications 020 8189 3289

www.lqgroup.org.uk

END