Financial statements

2026

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Highlights

2025/2026

Highlights 2025/2026

Financials (as at 31 March 2026)

Turnover	EBITDA MRI[1]	Total assets less current liabilities
£1,027m	£306m	£12.3bn
(2025: £1,111m)	(2025: £370m)	(2025: £13.5bn)

Surplus	EBITDA MRI Margin	Net Debt
£44m	31%	£5.1bn
(2025: £23m)	(2025: 34%)	(2025: £5.4bn)

Operating Surplus	EBITDA MRI Interest Cover	Social Value[2]
£245m	143%	£81m
(2025: £367m)	(2025: 155%)	(2025: £59m)

Our people (as at 31 March 2026)

Staff engagement - Great Place to Work	Investors in People
72% (2025: 70%)	Gold (2025: Silver)

Homes (as at 31 March 2026)

Homes in management	New homes developed	New homes in pipeline
106,321	2,055	6,713
(2025: 109,659)	(2025: 2,316)	(2025: 8,877)

Ratings (as at 31 March 2026)

Credit ratings

Moody's	A3 / Stable	(2025: A3/Stable)
S&P	BBB+ / Stable	(2025: BBB+/Stable)
Fitch	A- / Stable	(2025: A/Negative)

Regulatory ratings

Governance grade	G2
Viability grade	V2
Customer	C2

Operational (as at 31 March 2026)

Customer satisfaction with Service*

79%
(2025: 78%)

Tenant Satisfaction Measures TSM)

LCRA 57%
(2025:54%)

LCHO 27%
(2025: 29%)

[1] EBITDA MRI– Earnings before interest, tax, depreciation and amortisation, major repairs expenditure included
[2] Social Value - the economic, social and environmental benefits for local communities from procuring services and community investment activities.

*Customer satisfaction – Service Delivery in repairs and maintenance, a transactional survey as measured within our Balanced Scorecard under our Future Shape strategy. See the Value for Money Statement later in this report for more information.

01 About L&Q

At L&Q we believe passionately that people's health, security and happiness depend on where they live.

Our purpose is simple – to provide social homes and landlord services that everyone can be proud of. This social purpose is central to everything we do, and ensures we remain truly focused on what matters most to residents. And, as a not-for-profit organisation, we reinvest all the money we make to help those in greatest need.

We house around 250,000 people in more than 106,000 homes, primarily across Greater London and Greater Manchester. These residents are at the heart of L&Q, and we ensure they have a strong voice that influences decision-making throughout the organisation.

Our focus is on ensuring every resident has a safe and decent home, and access to services they can rely on. That's why we're investing to provide reliable, repeatable and consistent services for every resident, every time. From working with residents to re-design essential services like repairs and overhauling how we handle complaints, to ensuring we're locally responsive in every community and creating safe and successful neighbourhoods.

We're proud to be delivering one of the housing sector's largest investment programmes to improve the safety, comfort and environmental performance of residents' homes. We're also carrying out one of the sector's largest inspection and remediation programme, ensuring that over 2,000 buildings meet new fire and safety rules.

Building new homes continues to be a core part of our social purpose and we remain fully committed to tackling the housing crisis. Our focus is on building safe, high quality homes across our committed pipeline. At least half of the new homes we build will be affordable, with the remainder for private sale or rent.

A vital part of what we do is supporting our residents to maximise their potential. Our charitable Foundation supports communities, awarding grants to support good causes which promote aspiration and opportunity, and providing free financial advice and support with employment and training opportunities.

L&Q Living provides care and support services to people with a wide range of needs, including older people, people with learning difficulties and mental health needs, and people affected by homelessness.

All our work is underpinned by our financial strength and stability. We are committed to retaining the confidence of key stakeholders, including lenders and investors by maintaining financial discipline and ensuring strong governance and diverse leadership.

History of L&Q

In October 1963, a group of young professionals came together to create a housing association and L&Q was born.

Back then, the organisation was named Quadrant Housing Association to reflect the naval history of the borough of Greenwich, where it was based.

The initial investment saw 32 people each buy shares worth £2. Combining a dream to end homelessness with the entrepreneurial flair of these city professionals has led us to where we are today. That £64 has become a social business with over £13bn of assets.

01 Chair's statement

This report marks the end of our 2021-26 strategy period, and it makes me incredibly proud to reflect on what L&Q has achieved during the last five years, and the progress we have made to deliver better outcomes for residents.

We launched our Major Works Investment Programme, delivering over 21,500 home improvements so far, progressed one of the sector's largest building safety programme across 2,000 buildings, carried out 1.3 million repairs, and built more than 15,500 new homes to help tackle the housing crisis.

We've also prioritised delivering dependable services that residents can rely on every day, and since 2021 we have significantly improved the quality of our repairs service, reducing the number of repairs on our waiting list by 20%, introduced a more responsive, localised housing management service, transformed the way we handle complaints, and secured £78m in additional income for residents through free financial and benefits advice services.

Fantastic progress, but residents tell us that we need to continue doing even more to improve their homes and the service we provide, and we've now launched a new five-year corporate strategy – Our Future Shape 2026-31.

This sets out how we will continue prioritising significant investment in homes and services to ensure ongoing improvements for residents, whilst focusing on our core purpose to provide social homes in Greater London and Greater Manchester.

An improved resident experience

What matters most is the experience residents have when dealing with us. As I reflect on two years as Chair of L&Q, what gives me greatest satisfaction is that residents are actually seeing and feeling the positive impact of the hard work and investment we've put into improving their homes and services.

Our latest Tenant Satisfaction Measures report shows that overall, more residents in social and affordable rented homes are satisfied with the service they receive, particularly where repairs are completed more quickly and services are delivered reliably.

At L&Q we are focused on addressing the things that residents tell us are most important – like improving repairs, strengthening complaint handling, and improving how we communicate with them, alongside investing in homes. We are now starting to see the impact of this work, with satisfaction amongst residents living in social homes increasing year-on year – something we can all be very proud of.

However, we know that long-term, consistent delivery will make the biggest difference to residents. Our new strategy builds on these successes, and sharpens our focus even more on delivering good landlord services every day – services that are reliable, consistent and that residents can trust.

Record investment in residents' homes

Making sure every home is a safe and decent place to live is our absolute priority, and last year we moved into the fourth year of our Major Works programme, investing a record £415m on the maintenance of residents' homes.

We also marked a significant milestone, as we surpassed £100m of social value generated through our maintenance supply chain to bring additional positive impacts in local neighbourhoods, including training and apprenticeship opportunities and physical improvements across community spaces.

Building and fire safety is another ongoing priority and we have continued to make significant progress on one of the sector's largest inspection and remediation programme. We have now inspected over 2,000 buildings, containing over 32,000 homes, with remediation now complete or underway on almost 100 buildings. We will complete the remediation of all higher risk buildings during this next corporate strategy period.

A new generation of housebuilding

Investing in existing homes is our primary focus, but with 177,000 children across the UK living without a permanent home – including 1 in 23 in London – we must balance that with continuing to bring forward the new supply of affordable homes at scale that is so desperately needed.

Last year we completed 2,055 (2025: 2,316) new homes, of which 72% were for social housing tenures. Highlights included the completion of 645 affordable homes at Kidbrooke Village, construction milestones at Prime Point in Greenwich and Beam Park in Barking which together will deliver 1,000 new homes, and completing 128 affordable homes at Victoria Riverside – our first shared ownership homes in Manchester.

Housing associations will continue to play a key role in supporting the Government's growth ambitions. With investment in our committed pipeline at £1.4bn (2025: £1.4bn), longer-term certainty provided by the £39 billion Affordable Homes Programme and 10-year rent settlement, and a strong track record of delivery in the difficult urban areas of Greater London and Greater Manchester, L&Q stands ready to play its part in a new generation of housebuilding, delivering high-quality affordable homes in areas where need is most acute.

Simplifying our business for the future

This year we have made significant progress in our drive to simplify and strengthen L&Q, and consolidate where we operate.

In January 2026 we completed the transfer of 3,500 homes to SettleParadigm Housing in South Buckinghamshire; the largest transfer of its kind in the sector. This is part of our long-term, strategic approach to rationalise outside our core geographies of Greater London and Greater Manchester, enabling us to provide more responsive and better value services for residents.

In June 2026 we completed the sale of our Private Rented Sector business, 'Metra Living', to an investment fund managed by Morgan Stanley Real Estate Investing for £1,045m. We're proud to have grown a successful PRS business since 2015, but we now have a clear strategy to simplify our business and focus on our core purpose as a social housing provider.

This sale supports that aim, and further strengthens our financial resilience, supporting our long-term investment in new and existing social homes.

Strong governance and leadership

These achievements can't happen without strong, consistent leadership and an engaged workforce, that is anchored by L&Q's social purpose, with residents genuinely listened to and central to the decision-making process.

In August 2025, the Regulator of Social Housing published its latest judgement of L&Q, confirming that we remain compliant across its governance and viability requirements, and meet the new consumer standard. Following the planned inspection, we have been awarded a first consumer grade of C2, an unchanged financial viability grade of V2, and a governance rating of G2.

We have already undertaken an independent review of our governance, in line with the National Housing Federation's Code of Governance. We are currently implementing its recommendations, with progress overseen directly by our Board. This will enhance existing arrangements, increase the size and strength of our Group Board, and ensure our governance is aligned with our new corporate strategy.

We have already made headway, welcoming three new members to our Group Board. Jocelyn McConnachie joined in April 2026, bringing extensive executive and non-executive experience. And in August 2026, residents Cassie Clifford and Selena Hall were appointed, strengthening the voice of residents at the highest level of the organisation by doubling their representation on our Board.

We have also appointed two new Executive Group Directors to drive further improvement in our customer service offer and strengthen our leadership in the North West as we embark on our new strategy.

Sharon Burns took up the existing role of Executive Group Director, Customer Services, and Aly Heald was appointed in a newly created Executive Group Director, Partnerships and Regional Operations role. Aly will take a long-term, partnership-driven approach to enabling our work to provide social homes that meet the high levels of housing need in Greater Manchester.

Strong financial performance

Focusing on the last 12 months, high interest rates, ongoing cost inflation, increased consumer and building safety regulation, and a challenging housing market have continued to stretch the capacity of the sector. However, L&Q's financial strength and resilience, coupled with the commitment and expertise of our team, has seen us make excellent progress towards our strategic goals whilst delivering strong financial performance across our business.

EBITDA-MRI was £306m (2025: £370m), with an operating margin of 24% (2025: 33%), and EBITDA-MRI interest cover was 143% (2025: 155%). Our turnover was £1,027m (2025: £1,111m) and we retained a well-capitalised balance sheet with total assets less current liabilities of £12,341m (2025: £13,542m) net debt at £5.1bn (2025: £5.4bn) and available liquidity of £1.4bn (2025: £1.1bn).

The future

Challenge is inherent in any business, and with ongoing economic pressures, a demanding and evolving regulatory environment, a deepening housing crisis, and the further change and improvement residents quite rightly ask of us, L&Q is certainly no different.

However, with our new corporate strategy providing real clarity of purpose and direction, government support offering the financial and political certainty we need, and the effective leadership, financial strength and committed team I see first-hand at L&Q, I look to the future with real optimism. I have every confidence L&Q will meet those challenges and more, building on the solid progress we have made, maintaining our position at the forefront of the sector, and remaining truly focused on what matters most to residents in delivering our purpose; to provide social homes and landlord services that everyone can be proud of.

Liam Coleman
Group chair

21 September 2026

Our purpose

To provide social homes and landlord services that everyone can be proud of

Our values

We step up

We take the right action to achieve our purpose

We see things through

We take ownership to get to the best solutions for all residents and customers

We support each other

We do it with care to make things better for everyone

Our strategic commitments

We'll provide **social homes to meet housing need**

We'll provide **good landlord services**

We'll be **efficient and maximise our impact**

02

Strategic report

02 Overview of 2025/2026

Highlights of our 2021-26 achievements include:

Carried out more than **21,500** home improvements and secured **£100m** in social value through our Major Works Investment Programme

Completed more than **1.3 million** routine repairs, transforming the quality and responsiveness of our service along the way

Inspected more than **2,000** buildings, covering **32,000** homes, to ensure they meet new fire and building safety rules

Delivered **147** opportunities for residents to get involved in shaping our plans and services

Transformed the way we handle complaints, and how we deliver housing management services in local communities

Built more than **15,500** new homes, including **5,900** new rented affordable homes, to help tackle the housing crisis

Secured **£78m** in additional income for residents through free financial and benefits advice.

Corporate strategy

2025/26 marked the end of our five-year 'Future Shape' corporate strategy. It set how we would:

1. Keep residents and colleagues safe
2. Increase investment in residents' homes
3. Deliver reliable, repeatable and consistent services.

A lot has changed since we published the strategy in 2021, and we had to adapt to a number of external challenges, most notably the macroeconomic environment as well as changes to our regulatory landscape during the period.

We have now launched our new corporate strategy "Our Future Shape 2026-31", which builds on the excellent progress made and responds to the needs and challenges facing residents and the wider sector. It sets out how we will continue prioritising investment and improvement in homes and services to deliver better outcomes for residents.

Over the life of the strategy, L&Q will focus on three core commitments:

1. We'll provide social homes to meet housing need – our core focus will be providing secure, social housing in the Greater London and Greater Manchester areas
2. We'll provide good landlord services – we'll be relentless in driving operational excellence, creating services that are reliable, repeatable and consistent
3. We'll be efficient and maximise our impact – we'll run L&Q in a responsible way, which allows us to reinvest as much as possible in existing and new social homes and services.

To meet these commitments we'll continue making record investments to improve the safety and comfort of residents' homes through our Major Works programme, and make further progress in improving the quality of both the day-to-day services and wider support we offer to residents.

We will also continue to play a significant role in tackling the housing crisis by developing thousands of much-needed new affordable homes, prioritising areas in Greater London and Greater Manchester where need is most acute.

Residents have been closely involved in shaping the service offer in our new corporate strategy, and we will be measuring our success against the things that matter most to them, such as keeping residents informed, and delivering services on time and to a good standard.

You can find out more and read our new corporate strategy on our website.

Group financial performance

Key financial metrics

Summary of financial performance for the year	2026	2025
Turnover	**£1,027m**	**£1,111m**
EBITDA MRI[4]	**£306m**	**£370m**
EBITDA MRI margin overall	**31%**	**34%**
Operating Surplus	**£245m**	**£367m**
Operating margin overall (excluding fixed asset disposals and joint ventures)	**17%**	**24%**
EBITDA MRI Interest cover %	**143%**	**155%**

Turnover

Year on year Group turnover decreased by £84m to £1,027m (2025: £1,111m). Of this, 76% was generated from our core social housing lettings activities (2025: 70%) with additions of new social housing properties and rental inflation leading to an increased turnover of £3m for this portfolio in the year. A further 13% (2025: 18%) of turnover was from market sales activity which contributed £138m to total turnover (2025: £196m). The decrease was a result of a strategic decision to slow down development activities and reduce exposure to more volatile market sales activities. Market rents contributed 7% of turnover (2025: 6%), although going forward this will significantly decrease following the completion of the sale of our private rented sector business. The remaining 4% (2025: 6%) of turnover came from other activities.

Operating margins and surplus

Overall operating surplus for the year decreased to £245m (2025: £367m). All social housing activities delivered the majority of operating surplus at £308m (2025 restated: £386m) driven through increased revenues from rent and fixed asset disposals, offset by higher operating costs in maintenance and repairs, and fewer first tranche sales and higher development costs. All non-social housing activities delivered a loss of £64m (2025: £18m loss) mainly due to losses in joint ventures and downward valuation of investment property totalling £85m (2025: £42m) offset by sales surpluses and market rent. Impairment costs relating to development schemes totalled £44m net (2025 restated: £31m), which is £14m higher than in the prior year. Overall operating margin excluding fixed asset disposals and joint venture profits was 17% (2025: 24%).

Interest payable for the year decreased by £18m to £212m (2025: £230m) reflecting lower borrowings and a more stable interest rate environment, whilst continuing to ensure careful debt management.

In addition to the above financial measurements, we track our EBITDA MRI performance closely as a proxy for cash generation and an indication of profitability. EBITDA MRI decreased by £64m in the year to £306m, (2025: £370m) driven by higher maintenance spend and lower sales surplus. Our EBITDA MRI interest cover was 143% (2025: 155%) a decrease on last year mainly driven by lower operating performance, whilst interest costs reduced.

We closed the year with a surplus after tax of £44m, (2025 restated: £23m), with the primary drivers being the increase in turnover and surplus on disposal of fixed assets, compared to a increased operating costs and higher down valuation of investment property.

Importantly, all surpluses continue to be reinvested into the business, with our priority focus on investment in existing homes through capital expenditure, and building more homes across the regions we operate in to contribute to solving the housing crisis.

[4] EBITDA MRI – Earnings before interest, tax, depreciation and amortisation, major repairs expenditure included

02 Overview of 2025/2026

Financial Position

The Group continues to maintain a strong financial position with net assets increasing by £47m to £5,752m in the year (2025: £5,705m). Our portfolio of housing properties reduced by £135m to £11,623m (2025: £11,758m). This was mainly due to stock divestment in line with our strategy, including the completion of a large stock transfer with housing properties overall reducing by £450m in addition to net impairment charge of fixed assets of £51m (2025: £31m), offset against additions from a mix of capital maintenance works and continued growth from our own development programme of £365m (2025: £547m). See Note 12 of these Financial Statements for more detail.

Investment in our Private Rented portfolio reduced to £1,117m (2025: £1,178m), due to downward revaluation of £85m outstripping additions in the year. See Note 14c of these Financial Statements for more detail. Additions to this portfolio were deliberately reduced as we progressed towards the sale of the business, in line with our strategic objectives. We successfully completed the disposal of this business in June 2026.

Properties for sale and work in progress decreased to £172m (2025: £271m) primarily due to sales and transfers to fixed assets of completed properties totalling £157m, outstripping additions of £50m. There was also net impairment release of current assets of £7m (2025: £1m release). See Note 15 of these Financial Statements for more detail.

Net debt[5] reduced by a further £324m to £5,060m (2025: £5,384m) through repayment of housing loans. Our long-term loans are disclosed in more detail in the Capital Structure and Treasury section of the strategic report.

Net assets
£5,752m

Portfolio of housing properties
£11,623m

[5] Net debt as reported here excludes loan fair value adjustments and net issue premium

Kew Bridge Rise, London

02 Financial review (5-year summary)

Consolidated income and expenditure (£m)	2026	2025 restated*	2024	2023	2022
Turnover	**1,027**	**1,111**	1,122	1,176	1,112
Operating costs and cost of sales	**(852)**	**(841)**	(891)	(1,100)	(1,008)
Surplus on disposal of assets	**173**	**149**	117	152	95
Share of (losses)/profits from joint ventures	**(18)**	**(10)**	15	19	37
Change in valuation of investment properties	**(85)**	**(42)**	(30)	(85)	35
Operating surplus	**245**	**367**	333	162	271
Net interest charge and other finance costs	**(212)**	**(229)**	(220)	(147)	(99)
Taxation	**11**	**5**	4	25	(18)
Surplus for the year before exceptional items[6]	**44**	**143**	117	40	154
Exceptional items					
- Disposal of business interest	**-**	**(120)**	-	-	-
Surplus for the year after tax	**44**	**23**	117	40	154

Consolidated Statement of financial position (£m)	2026	2025	2024	2023	2022
Housing properties at cost less depreciation	**11,623**	**11,758**	11,617	11,354	11,026
Other fixed assets and investments	**1,552**	**1,666**	1,709	1,657	1,814
Net current (liabilities)/assets	**(834)**	**118**	341	174	746
Loans due after one year	**(4,166)**	**(5,415)**	(5,516)	(5,125)	(5,521)
Unamortised grant	**(2,078)**	**(2,066)**	(2,094)	(2,142)	(2,164)
Other long-term liabilities and provisions	**(345)**	**(356)**	(336)	(303)	(314)
Net assets	**5,752**	**5,705**	5,721	5,615	5,587
Revenue reserves	**4,015**	**3,952**	3,957	3,844	3,790
Revaluation reserve	**1,737**	**1,753**	1,764	1,771	1,797
Total reserves	**5,752**	**5,705**	5,721	5,615	5,587

Consolidated statement of cash flows (£m)	2026	2025 restated	2024	2023	2022
Net cash generated from operating activities	**332**	**331**	330	451	403
Cash flow from investing activities	**211**	**(58)**	(250)	(242)	(339)
Cash flow from financing activities	**(569)**	**(350)**	(51)	(279)	20
Cash and cash equivalents at start of year	**98**	**175**	146	216	132
Cash and cash equivalents at end of year	**72**	**98**	175	146	21

[6] References made to 'exceptional items' are to highlight the impact of disposals of business interests, which are not considered to be part of operating surplus
* For further information on the restatement see Note 34 of the Financial Statements.

Capital structure and treasury

The purpose of the treasury plan is to support the delivery of Group strategic objectives and financial plan. It is approved semi-annually by the Executive Group and the Group Board and details how we mitigate and manage treasury related risk defined as liquidity risk, credit risk, interest rate risk, covenant risk and counterparty risk.

The role of treasury is to ensure that the Group has sufficient liquidity to fund its operations for a minimum of 18 months, mitigating the impact of adverse movements in interest rates, ensuring that loan covenants are met and ranking the preservation of capital ahead of returns when making investment decisions. The Group is financed by a combination of retained reserves, loan facilities and government grant for social housing.

At 31 March 2026, the Group had total loan facilities of £6,447m (2025: £6,462m) of which £5,132m (2025: £5,482m) were drawn and £1,315m (2025: £980m) were undrawn. All undrawn facilities, with the exception of £100m are secured and committed revolving credit facilities available within 48 hours; the remaining £100m represents committed revolving credit facilities pending the completion of security charging.

The Group's exposure to drawn re-finance risk within one year was £966m (2025: £110m), representing 38% of drawn debt facilities. Refinancing and repayments of this were planned and completed within the first quarter of the next financial year, significantly reducing the risk.

Cash equivalents held at the year-end totalled £72m (2025: £98m) leaving net debt (excluding any net issue premium, fair value adjustments and mark to market exposure on interest rate hedges) at £5,060m (2025: £5,384m).

Available liquidity (defined as available undrawn loan facilities and available cash that are not secured in held funds) was £1,369m (2025: £1,059m).

The weighted average cost of the Group's drawn debt is 4.0% (2025: 4.0%). The weighted average duration of drawn loan facilities was 8 years (2025: 8 years).

The Group manages its exposure to fluctuations in interest rates with a view to achieving a level of certainty in its net interest costs. The Group's interest rate strategy is focused on achieving the prescribed balance between fixed and floating rate debt at an acceptable level of risk and cost.

At 31 March 2026, 67% of the Group's drawn debt was fixed (2025: 63%). As at 31 March 2026 a 1% increase in interest rates would result in an additional interest costs of £17m (2025: £20m).

Loan covenants are primarily based on interest cover, gearing ratios, and asset cover. Covenants are monitored regularly in accordance with the governance framework and were met throughout the year and are forecasted to be continually met for all loan facilities across the Group.

The Group operates a conservative counterparty policy and aims to minimise the risk of financial loss, reputational loss or liquidity exposure linked to any counterparty. Short term investments are well diversified and are kept at a minimum by temporarily repaying revolving credit facilities to manage working capital and the interest budget. As at 31 March 2026 all cash investments are held with counterparties who meet the criteria of our Treasury Policy.

As at 31 March 2026, L&Q had the following long term credit ratings:

Credit rating agency	Credit rating	Rating outlook
S&P	BBB+	Stable
Moody's	A3	Stable
Fitch	A-	Stable

As at 31 March 2026 all variable rate facilities of the Group were referencing Sterling Overnight Index Average (SONIA).

02 Social housing lettings

Summary of performance (social housing lettings)	2026	2025
Turnover (£m)	**777**	**779**
Operating surplus (£m)	**217**	**265**
Operating margin	**28%**	**34%**
Surplus on disposal of fixed assets (£m)	**173**	**149**
Social homes managed	**86,626**	**89,907**

Social housing lettings

Social housing lettings activities form the core of our business, contributing £217m (2025: £265m) to the Group's operating surplus with operating margins of 28% (2025: 34%). Empty home (void) rental losses across our social lettings activities increased to 1.8% (2025: 1.7%).

The Group invested a total of £411m (2025: £371m) in our social housing residents' homes of which £139m (2025: £146m) was on capital works, £78m (2025: £55m) on planned maintenance and £194m (2025: £170m) on reactive maintenance.

The Group continued its strategic approach to stock rationalisation ensuring that L&Q only manages stock where it has a significant geographical presence and is best placed to deliver a high standard of landlord services, achieving a surplus on disposal of fixed assets of £173m (2025: £149m) following the completion of a large stock transfer to SettleParadigm Housing in January 2026.

The Group is also committed to providing a range of supported housing accommodation and high-quality support services for older people, adults with learning disabilities, mental health issues and vulnerable young people.

Supported housing is traditionally a low margin activity, but one of vital importance for the provision of housing and services to those residents. In the year supported housing activities made a surplus of £20m (2025: £11m). Supported housing primarily includes sheltered accommodation and a mix of agency and directly managed supported accommodation.

The following tenures are included within social housing lettings:

- GN — **General Needs (social rent)** - regulated under the formula rent regime
- AR — **Affordable rent** - which ranges from 40% to 80% of the market rate under an L&Q policy based on local earnings
- IMR — **Intermediate market rent** - let at up to 80% of the equivalent market rent
- SO — **Shared ownership** with rent set at a maximum of 2.75% of the unsold equity
- LAR — A range of other Government introduced initiatives such as **London Affordable Rent (LAR)** introduced as part of the London Homes Programme 2016-21 and London Living Rent (LLR).

02 Other social housing activities

L&Q Living

We house the most vulnerable people living across a range of properties, tenures, and communities through our subsidiary L&Q Living with support tailored to their needs.

L&Q Living provides a service to around 10,000 people across London, the South East and North West of England. This includes a mixture of alert and response services, supported living, and later life living schemes delivered through direct housing management and agency managed services. We deliver these services to people with a range of needs including homelessness, substance misuse, mental health issues, learning disabilities, families who care for children at risk, women fleeing domestic violence, younger and older people.

Whilst we exited the direct delivery of personal care to residents in March 2025, we continue to deliver support services to vulnerable residents with mental health issues, learning disabilities and young mothers.

In January 2025, a survey of our local authority partners found that 93% identified L&Q Living as playing a particularly important or critical role in helping them meet the strategic housing needs of vulnerable residents.

We continue to deliver a range of free activities for vulnerable residents through our L&Q Inclusion programme, aimed at reducing loneliness and social isolation. In the past year, over 3,000 residents engaged with the programme.

Feedback from residents highlights its positive impact:

- 70% reported an improvement in their overall wellbeing
- 62% said it had increased their confidence
- 72% felt it helped reduce feelings of loneliness and social isolation
- 37% reported fewer visits to their doctor because of participation
- 88% expressed a desire for the initiative to continue

These findings demonstrate that the programme is delivering meaningful outcomes for residents. The high proportion reporting improved well-being and reduced loneliness underscores its effectiveness in addressing key challenges within our communities. Increased confidence suggests that residents are becoming more engaged and empowered, while the reported reduction in healthcare visits indicates a positive contribution to preventative health. This also reflects a potential easing of pressure on NHS services, aligning with broader social prescribing objectives.

70% reported an improvement in their overall wellbeing

62% said it had increased their confidence

72% felt it helped reduce feelings of loneliness and social isolation

37% reported fewer visits to their Doctor because of participation

88% expressed a desire for the initiative to continue

3,000 residents engaged with the L&Q Inclusion programme

02 Other social housing activities

The L&Q Foundation

L&Q's social purpose is at the core of what we do and much of this kind of activity is delivered through the L&Q Foundation. The Foundation is split into geographical areas, with teams operating in North and South regions delivering community programmes and support directly to residents across our priority boroughs. Our 'Thriving Places' teams manage our community centres, enable community development, and make sure social value created by our supply chain focusses on residents' priorities. Our 'Successful Tenancies' teams deliver social support to residents through tenancy sustainment, debt and money management, energy advice and employment support.

We want to make sure we continue to deliver the best service we can to residents. Last year we continued to focus on our two strategic priorities, focussing on people and place:

- To support L&Q residents to increase their income and financial resilience to help sustain tenancies and maximise income; and,
- To increase community activity and investment in our core neighbourhoods so they remain places people are proud to live.

During the year, we invested a total of £8m (2025: £7m) to help drive outcomes that would make a difference to residents and wider communities.

In 2025/26, 46 community organisations were awarded £360k funding through the Community Fund programme (2025: 40 community organisations awarded £380k).

Using the HACT Wellbeing Valuation Approach methodology the work of the Foundation created £21m of social value in the year (2025: £22m). This impact was generated through programmes directed at helping residents into work, supporting their financial confidence and easing the burden of debt, and through delivery of wellbeing activities, youth programmes, and social clubs for residents to strengthen their connectedness with their community.

In addition to this, another £60m (2025 £37m) of social value was generated through our supply chain in the year, mainly from our Major Works Investment Programme. These partners delivered initiatives such as local employment, local spend, apprenticeships and donating to biodiversity initiatives amongst others. We use the Social Value Portal TOM (Targets, Outcomes and Measures) system framework to calculate this value.

L&Q's combined total social value generated in the year was therefore £81m (2025: £59m), and we continue to work with our partners to increase this year on year.

In 2025/26, 46 community organisations were awarded £360k funding through the Community Fund programme

£81m

L&Q's combined total social value generated in the year

Investing in our communities

We'll be **efficient and maximise our impact**

As a social landlord, our role goes beyond providing homes. We invest in the communities residents are part of, funding local initiatives that open up opportunities and make a real difference to people's lives.

Opening doors in Brixton

In March 2026, we awarded £10,000 from our Community Fund programme to launch a free creative arts programme at Brixton House. The programme offers workshops, technical training and hands-on sessions in music production, podcasting, poetry, arts and crafts and digital media, led by expert facilitators and art practitioners from the local community.

It is open to residents of all ages and particularly focused on those who may not otherwise have access to such opportunities. Participants use professional media studios and learn directly from industry experts, giving them the skills and connections to explore careers in the creative sector.

The programme kicked off with a fun-filled afternoon of arts and crafts, dancing, drumming and costume design activities for children and families. The event was well-attended by members of the local community, including residents.

School uniforms in Trafford

In August 2025, we awarded £5,000 to support Bridging the Gap, a project run by South Trafford Foodbank, providing free school uniforms to families ahead of the new term.

Open to all Trafford residents, not just L&Q households, the week-long pop-up at Stretford Public Hall offered good-quality pre-loved uniforms alongside brand-new items funded by the L&Q Foundation.

Local dad Darren Dunn, who has five children, said the pop-up was a huge help.

> With a large family and five growing kids, having a pop-up shop like this is a blessing and a godsend. It takes away so much of the stress of getting ready for the new term.

The Turlough O'Brien Scholarship

In November 2025, we hosted a sponsorship evening at our office in Stratford which raised £50,000 to fund the next generation of Turlough O'Brien scholars.

Since 2017, the programme has helped young residents from low-income households access higher education, covering tuition fees and providing mentoring support. Sponsors include our major works programme partners Axis, Equans and Morgan Sindall.

Alaae Brahime, who is training to become a doctor, spoke on the night about the difference it has made.

> The Turlough O'Brien Scholarship has lifted a massive burden from my shoulders, paying for two thirds of my tuition fees for four of my six years of medical school. It's been life-changing for me.

These examples show how we're focusing our community investment where our presence is strongest, working with local partners to deliver activities that respond directly to what residents tell us they need.

Providing good landlord services

We'll provide **good landlord services**

Investing in Armoury Way, Wandsworth

For decades, residents have built their lives at Armoury Way, a 1930s social housing estate in Wandsworth. Last year, as antisocial behaviour began to affect how people felt about the spaces around them, we stepped in to restore pride and a sense of belonging.

A new security gate now defines the entrance, while repaired lighting brightens paths that once felt unsafe. Fresh paint has lifted the benches, and clean, jet-washed walkways invite people to spend time outdoors again. CCTV watches over one block, discouraging the behaviour that had taken hold. Nearby, a wildflower meadow has brought colour and biodiversity back into the shared space, enhancing the environment and giving people a place to enjoy together. Alongside these improvements, we worked closely with residents, police and the local church to secure a police dispersal order and reinforce safety across the estate.

Residents noticed the difference straight away. Melford Marquharson, 72, said:

> “It's 10,000 times better now. You can really tell the difference. The place looks much smarter and more presentable.”

Lolita Delos-Santos, 77, shared how the changes have brought people back together:

> “We can now use the space for activities like gardening, gatherings, and all sorts.”

This work forms part of our wider £3.7 million investment in frontline services. Our customer service teams continue to provide visible support across our estates, helping residents feel safer and better supported.

Warmer homes at Steve Biko Court, Westminster

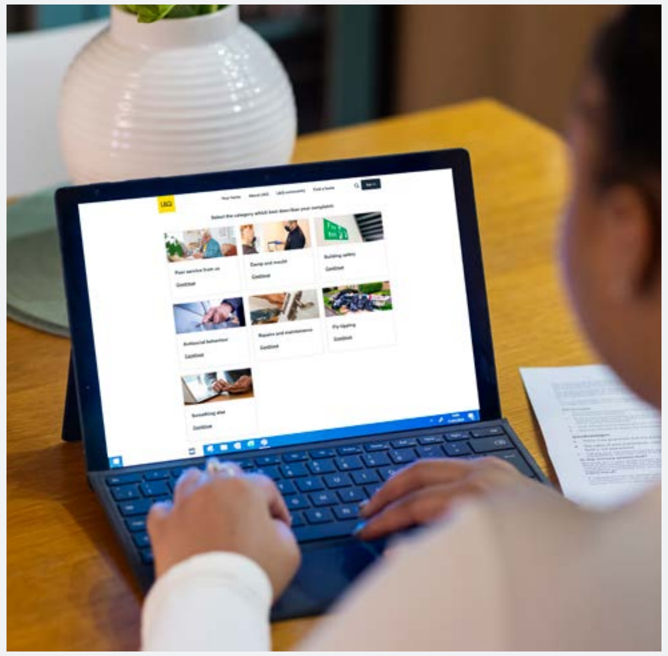
We're working to ensure every resident has a home that is safe, comfortable, and fit for the future.

Working in partnership with Morgan Sindall and funded through the Social Housing Decarbonisation Fund, we've made a series of energy efficiency improvements to Steve Biko Court in Westminster.

We replaced single-glazed timber sash windows with modern double-glazed alternatives, added external wall insulation to keep heat in and cold out, and upgraded the flat and pitched roofs. Shared spaces also received new flooring and a full redecoration throughout.

All 23 homes have been upgraded to an EPC C rating, and residents will save an average of £337 a year on their energy bills. Residents have also reported their homes feeling quieter, and the refreshed exterior has had a positive impact on the wider neighbourhood.

The works at Steve Biko Court were carried out as part of our 15-year Major Works Investment Programme, the largest in the sector, and our commitment to reaching net zero by 2050.



Improving complaints handling

We know that dealing with complaints is one of the areas we need to do better in, and we're always looking to improve. So, last year, we set up a complaints workshop where 19 of our Involved Residents took part in two online sessions with a resolution manager.

The feedback was largely positive, with residents saying that L&Q complaints handlers responded to their issues with interest, understanding and empathy.

Residents also shared practical suggestions to improve how complains are managed across different teams, which we'll be using to support ongoing improvements.

Our next set of complaints-focused workshops will look to improve the way we respond to complaints relating to service charges. The first session was held this summer.

02 Development and sales

L&Q remains committed to building new social and affordable homes that meet housing need, but we also recognise the need to balance growth against investing in our existing homes and services. We are committed to building trust, not just homes, so will only develop where we can deliver the right standards of quality and customer service. We have an established in-house construction team that enables significant cost savings.

During the year, L&Q completed and handed over 2,055 homes (2025: 2,316) comprising of 72% (2025: 81%) social housing tenures and 28% (2025: 19%) market tenures. We started another 1,250 homes (2025: 519), of which 45% (2025: 41%) were social housing tenures and 55% (2025: 59%) were market tenures. The Group sold 974 (2025: 1,239) homes, of which 278 (2025: 293) were delivered through joint ventures.

Summary of performance (development and sales)	2026	2025
Homes handed over	**2,055**	**2,316**
Homes enabled (strategic land plots sold)	**53**	**73**
Homes started	**1,250**	**519**
Homes under development	**6,713**	**8,877**
Strategic land plots under control	**20,556**	**25,480**

Strategic land plots under control at 31 March 2026 were 20,556 (2025: 25,480). The total approved development pipeline decreased to 6,713 (2025: 8,877), of which 79% are currently on site. 39% of the homes in the development pipeline are for social housing tenures, representing a significant investment in new social housing delivery.

	2026			2025 restated (see Note 34)		
Summary of financial performance (development and sales)	Turnover (£m)	Operating Surplus (£m)	Margin	Turnover (£m)	Operating Surplus (£m)	Margin
Shared ownership first tranche sales	72	3	4%	111	12	11%
Outright sales	62	7	11%	52	15	29%
Property sales	**134**	**10**	**7%**	**163**	**27**	**17%**
Land sales	4	2	50%	33	(15)	(45%)
Total (excluding Joint Ventures)	**138**	**12**	**9%**	**196**	**12**	**6%**
Joint ventures	113	(18)	(16%)	73	(10)	(14%)
Total (including Joint Ventures)	**251**	**(6)**	**(2%)**	**269**	**2**	**1%**
Net development overheads	-	(84)	-	-	(26)	-
Net development (loss)/surplus	**251**	**(90)**	**(36%)**	**269**	**(24)**	**(9%)**

The Group's sales operating surplus, excluding joint ventures remained stable at £12m (2025: £12m surplus). This was despite increased costs, lower turnover in a challenging market, and lower margins on properties sold in comparison to the previous year.

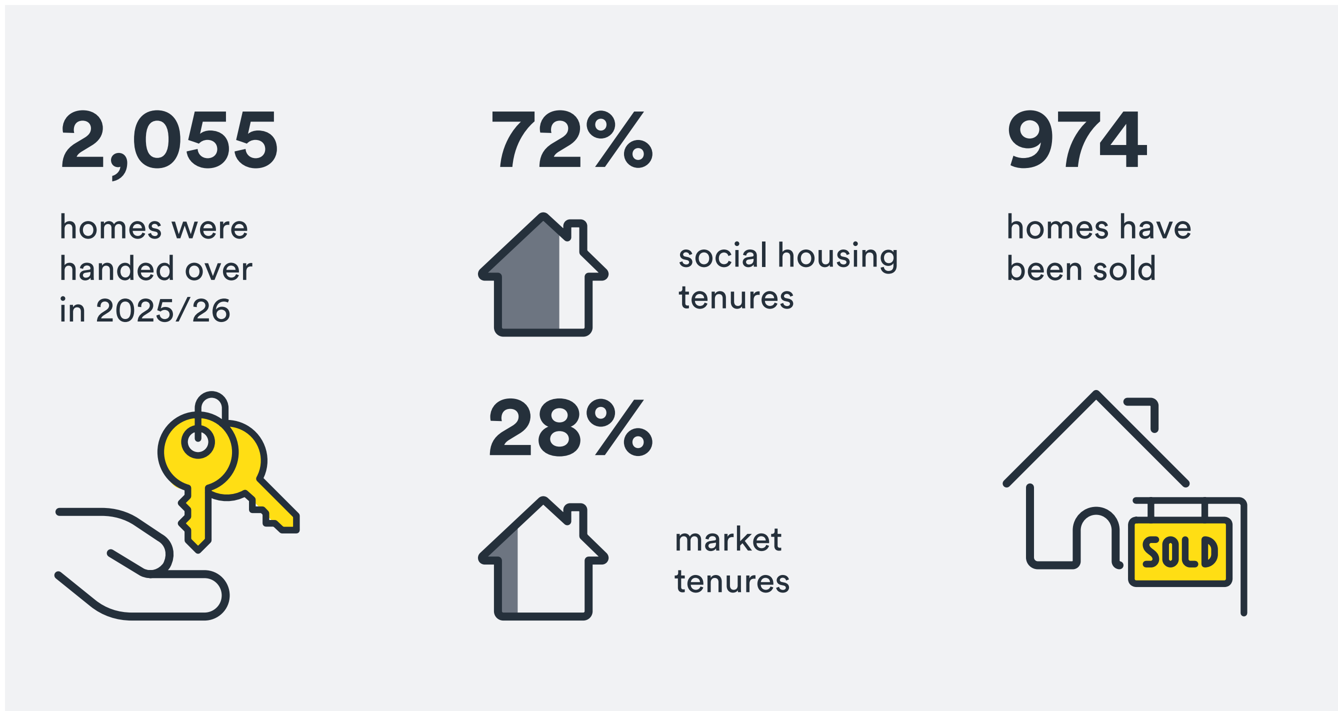
Surplus on open market sales from the sale of properties totalled £7m (2025: £15m), while shared ownership sales reduced to a surplus of £3m (2025: £12m surplus), with shared owners purchasing an average of 31% first tranche (2025: 32%).

Included within development overheads of £84m is £5m (2025: £2m) relating to latent defect costs. We have previously been successful in bringing claims against some contractors who delivered these works (2025: £11m), and will continue to pursue others where we have incurred costs to rectify schemes that have subsequently been found to have construction defects.

Development overheads of £84m also includes £51m (2025: £30m) of net fixed asset impairment following an impairment review of schemes that are currently under construction. Further information about fixed asset impairment can be found in Note 12 of these financial statements.

L&Q continues to support efforts to address the housing crisis and meet the Government's growth ambitions, balancing the need to build new homes with our ongoing focus on improving existing homes. Over the life of our new corporate strategy, Our Future Shape 2026-31 , we aim to deliver over 8,500 new homes, buoyed by the longer-term certainty provided by £39bn of sector funding and 10-year rent settlement announced in last years' Comprehensive Spending Review. A minimum of 50% of housing developed will be affordable tenures.

Our ambition is to concentrate any future growth in our core areas of Greater London and Greater Manchester, as signalled by the sale of our strategic land business, L&Q Estates, during the 2024/25 financial year. Prioritising these core geographies will allow is to focus our resources on areas where housing need is the greatest, and where we are in the strongest position to provide responsive, local services that offer the best value for new and existing residents.



Building more homes

We'll provide **social homes to meet housing need**

Regenerating Beam Park

Beam Park is one of London's most significant regeneration projects, transforming a 72-acre former Ford manufacturing plant into a new community of around 4,000 homes, with 50% affordable housing. For the families and first-time buyers who will call it home, it represents a chance to put down roots in a neighbourhood built with their needs in mind.

The scheme is being delivered in partnership with Vistry Group on land owned by the Greater London Authority, with Barking & Dagenham Council playing a key role in accelerating housing delivery. In October 2025, we marked a major milestone with the topping out of Phase 3. This phase will deliver 520 new homes, with a mix of 50% affordable and 50% market rent. With 25% of all homes across the masterplan designed for families, the development is directly responding to one of the borough's most pressing housing needs.

The first two phases are now complete, delivering 1,158 homes alongside a new primary school, health centre, nursery, park and riverside open space with play facilities for children.

When fully complete, Beam Park will also provide two more schools, retail spaces, a gym, a nursery, a multi-faith centre and two energy centres, with 58% of the site dedicated to open space.

Delivering affordable homes at Victoria Riverside

Manchester is facing a housing crisis of its own, with demand for genuinely affordable homes in the city centre far outstripping supply. Our new Victoria Riverside development is helping to change that.

In November 2025, we celebrated the completion of 128 affordable shared ownership homes at Victoria Riverside in Red Bank. These are the first shared ownership homes L&Q has delivered in Manchester, representing the largest contribution to affordable housing in the city centre in recent years.

Working in partnership with developer FEC, the homes are part of the Red Bank Riverside development, which will eventually deliver 634 apartments and townhouses across three towers. Residents are benefitting from shared gardens, a gym and lounge, as well as ground floor commercial and community space.

Victoria Riverside forms part of FEC and Manchester City Council's wider Victoria North masterplan, which aims to deliver 15,000 new homes over the next decade. Our involvement reflects our commitment to tackling the housing crisis across both of our geographies, and to working with partners to unlock major sites and deliver the homes communities need.

Building more homes at Barking Riverside

Barking Riverside is one of Europe's largest developments, with ambitions to deliver up to 20,000 new homes for East London. As part of a joint venture with the Mayor of London, L&Q is playing a central role in tackling the housing crisis and building at scale.

In September 2025, we secured planning permission from Barking & Dagenham Council for 651 new homes at the site. More than half will be affordable, made up of 181 Affordable Rent and 173 London Living Rent homes.

Almost 70% are two- or three-bedroom, built with families in mind, reflecting that more than 90% of our customers at Barking Riverside have been first-time buyers.

The GLA has invested over £62 million to support the delivery of affordable homes within this phase, with further backing from Homes England.

The scheme will be delivered by our In-House Build team, which has already completed 709 homes at the site. Building in-house gives us greater control over quality, programme, and cost.

The next affordable homes are expected to be ready in 2028, with full completion in 2030.

02 Development and sales

Joint ventures

L&Q works with a range of partners, including the Greater London Authority (GLA) and major housebuilders, to deliver joint venture projects of varying scale. At 31 March 2026, L&Q had 32 (2025: 31) active developing joint ventures and associates. Most joint ventures are separate Limited Liability Partnerships (LLPs), set up to deliver a specific site or regeneration project. However, more recently the focus has been on larger scale initiatives where L&Q can maximise the social impact by delivering long term sustainable mixed tenure communities.

The Group generated a loss from joint ventures of £18m (2025: £10m) due to lower volumes of completions, along with an increase in provision for defect works within these schemes. The margin on joint venture sales fell to negative 16% (2025: 14% loss), reflecting lower margins on properties sold compared to the prior year, and high operating costs in addition to provisions for build defects. Forging strong relationships with both current and future partners, we will continue to work hard to ensure investment in more homes, communities, apprenticeships, jobs and innovative methods of construction for years to come. Opportunities to explore new joint ventures and partnership working is something that L&Q see as a key part of future development programmes.

Land sales

L&Q made a surplus of £2m (2025: £15m loss) on other land sales in the year, at a margin of 50% (2025: 45% loss). Further detail can be found in Note 3a of these Financial Statements.

Although we disposed of our strategic land business in 2024, we continue to have some land sales from other development sites. Further detail can be found in Note 15 of these Financial Statements.

There were 20,556 (2025: 25,480) potential strategic land plots under our control as at 31 March 2026. Land interests are principally held in southern and the north west of England.

There are 20,556 strategic land plots under our control

32

the active joint ventures and associates that L&Q held

New Union Wharf, London

02 Non-social housing lettings

The Group's non-social housing lettings activities comprise private rented sector (PRS), student accommodation, commercial, leaseholder services and other non-habitable units (such as garages).

Summary of performance (Non-social housing lettings)	2026	2025
Turnover (£m)	97	102
Operating surplus (excluding change in valuation) (£m)	51	50
Operating margin (excluding change in revaluation)	53%	49%
Change in valuation of investment property (£m)	(85)	(42)
Non-social homes and other units managed	32,611	33,005

L&Q PRS Co Limited (a Group subsidiary operating as Metra Living) owned and managed most of the Group's private rented properties totalling 3,210 homes (2025: 3,147).

Of the total £97m turnover generated, L&Q PRS Co Limited contributed £74m (2025: £69m) generating an operating margin (excluding change in revaluation) of 66% (2025: 68%).

The investment property portfolio has been impacted from a further downward revaluation of £85m (2025: £42m) reflecting the impact of the current economic environment on long-term valuations. The PRS portfolio continued to achieve its strategic aims, and as a commercial portfolio maximises income to further support our focus on delivering social rented homes. In line with our strategic priorities, the PRS portfolio business was re-branded as 'Metra Living' and we completed the disposal of this business in June 2026.

Leaseholder services broke even (2025: £nil). This is where we continue to incur additional costs relating to fire safety and quality on some schemes where we made a conscious decision to absorb costs rather than seek to recover.

Other smaller non-habitable units which are let (such as garages and parking spaces) continue to perform in line with expectations contributing a further £1m turnover in the year (2025: £1m).

Other non-social housing lettings

Other non-social housing activities include the continued expansion of L&Q Energy which helps reduce our environmental impact by maintaining solar panels and managing charging points for electric vehicles, as well as exploring and driving opportunities for decarbonisation and optimisation of heat networks. We also minimise the waste we generate from our offices, major works programmes and construction sites and monitor the outputs through annual environmental impact reporting.

We've improved the energy efficiency of homes through our Major Works Investment Programme, and have started work on a proactive sensor project which allows us to focus on homes where we have installed an environmental sensor. We use the data to identify properties at risk of damp and mould then proactively contact the residents to review and assess. By taking a proactive approach to damp and mould management, we have been able to:

- Provide fuel vouchers to vulnerable residents where sensor data indicates that low temperatures are contributing to damp and mould risks.
- Offer proactive advice and guidance to residents on how to effectively heat and ventilate their homes, helping to reduce condensation and mould growth.
- Identify and raise repairs that had not previously been reported to L&Q, such as faulty extractor fans, and arrange mould treatment where required.
- Monitor and follow up on outstanding repairs that may have become delayed due to involvement from multiple departments or contractors.

This proactive, data-led approach is enabling us to identify issues earlier, provide targeted support to residents, and address potential damp and mould concerns before they escalate into more significant problems.

L&Q Energy's income generation in the year decreased to £6m (2025: £8m). Our Energy team continues to be recognised for the size and scope of its energy efficiency work, impact on the local community and its expertise.

02 Residents

As a charitable organisation, our role goes beyond providing homes and housing services

We are a long-term partner in the neighbourhoods where we work. This year, our work to support communities has continued, with another £8m invested through the L&Q Foundation. This investment continues to help residents lead independent lives, secure employment and transform the fabric of our neighbourhoods - you can find out more information on the work of the L&Q Foundation earlier in this report.

We have set an ambition to be an open, transparent, accountable landlord and to provide information to all residents on how we are performing and the steps we are taking to improve residents' experience with us.

We believe the best way to improve our service is through residents and colleagues working together. We are passionate about involving residents to help us improve our services and support neighbourhoods, and offer a wide variety of formal and informal roles.

We introduced a more local "patch-based" approach to housing management last year which is enabling a more visible and locally responsive service. Our teams will be looking to involve residents in their patch, including Resident Associations and Neighbourhood Champions, to collaboratively identify and communicate progress on local issues. As a result, there is hoped to be much more resident involvement at a very local level – such as patch meetings and/or borough level information sharing events supporting local partnership working. We know there is much more we can do to improve resident involvement, and we are only at the start of this journey.

We believe that the continued scale of investment in existing homes will see a material reduction in customers needing to contact us regarding repairs and maintenance issues. At present we accept that when our customers contact us the level of service provided is not always where we aspire it to be. We are investing to ensure a much improved service is provided every time, with the aim that 90% of issues will be resolved at the first point of contact. We want residents to find us easy to communicate with, and confident that we will listen and act. Our investment includes a new IT infrastructure that will enable us to transform the online services that we can offer to customers.

Resident involvement and accountability

Our approach to embedding a resident focus in governance and across the whole of L&Q centres on:

- Understanding who our residents are and their lived experiences
- Involving residents in governance structures
- Being transparent so all residents can scrutinise our performance and hold us to account
- Directly involving residents in ways that meaningfully share power and influence

Our strategic approach to resident involvement, A Partnership of Equals (2023), sets out a long-term vision to strengthen the relationship between residents and their landlord, and to improve the overall resident experience.

Our resident involvement programme provides a wide menu of flexible opportunities for any interested resident to collaborate with our teams.

The programme operates across three levels of the organisation:

Local service improvement, scrutiny and quality assurance
Frontline teams work in partnership with local residents to identify and address issues of shared interest. This is supported through clear frameworks, tools, training, and ongoing support. Induction, training, and peer support are also in place for residents who wish to get involved at a more local level.

Service improvement, scrutiny and quality assurance

Residents work collaboratively with service teams to improve processes and communications. For example, co-design of service charge communications contributed to a 10.78% reduction in queries and complaints compared to the previous year. This has freed up capacity within teams while also reducing the need for residents to seek clarification.

Strategic decision-making

Through formal governance routes and direct participation in L&Q Assemblies. The Assembly brings together a diverse and broadly representative group of residents and L&Q leaders, twice a year, to work together on a pre-defined topic of shared interest and importance. L&Q residents and leadership take part in structured small table discussions and activities to reach a shared, informed and considered view on a topic. Decisions made at the assembly go on to influence real change at L&Q and are shared publicly with the wider resident base.

For example, in 2025 around 300 residents and 160 frontline staff worked alongside the Board and Executive team to help shape L&Q's 2026–2031 corporate strategy and service offer.

Ensuring involvement is 'time well spent'

We want to ensure that when residents give up their time to get involved, whether that is at a local, service improvement or strategic decision-making level, it is a time well spent. We therefore ensure that whenever we ask residents to get involved with us, it is a genuine opportunity for residents to influence or change something at L&Q.

Co-defining programme priorities and focus for maximum impact

Priority areas for the resident involvement programme are set in May of each year by the Resident Experience Committee (previously known as the Resident Services Board), based on recommendations from an annual evaluation of activity that took place the year before – this evaluation looks at what activity and issues residents say they are most interested in and made the biggest difference at L&Q. This ensures that the programme is focused on areas residents say they are most interested in getting involved and where there are clear and defined opportunities for residents to influence and change something.

Accessible, inclusive opportunities open to all

Resident involvement opportunities are open to all residents, who are welcome to opt in and out according to their interest and availability. Opportunities (including training opportunities) are advertised monthly through our mailing list to 800+ residents who also receive a quarterly newsletter setting out what difference involvement has made.

When residents sign up to get involved, they receive a role profile setting out their specific role in the opportunity and what they can expect to influence/change through their participation. They will also receive an induction call to ensure residents have all the information and support they need to take part and have their say. Feedback from residents taking part continually guide and improve the programme to ensure we are focused on what matters most to residents and involvement remains something that residents say they would highly recommend to others.

The 2025 RSH judgement notes positively that "L&Q takes tenants' views into account in its decision making about how services are delivered, and provides a wide range of meaningful opportunities for tenants to influence and scrutinise the landlord at strategic and operational levels".

An independent, third party evaluation of resident involvement activity in 2025/26 also found that:

- The programme is well established and delivered to a consistently high standard, with strong evidence of sustained engagement from both residents and staff.
- Evidence of early stage impact of the programme, particularly in shaping service improvements and strengthening resident – staff understanding of each other's experience.

This year, 219 residents participated in 20 resident involvement opportunities. Of those, nearly three in four participating residents reported they were 'somewhat' or 'extremely likely' to continue volunteering with the resident involvement programme. This is consistent with the high sustained engagement rate of recent years, and above the 2023 baseline.

Resident involvement activity during 2025/26 included:

- Residents have played a key role in quality assuring our call centre through a Mystery Shopping exercise. This activity assessed how calls were handled across a range of service areas, including Income, Tenancy, Home Ownership, and Repairs. The findings identified three areas for improvement, resulting in enhanced call monitoring, as well as strengthened policies and processes, particularly in supporting vulnerable residents.
- Residents have also contributed to the quarterly quality assurance of our complaints handling. This review focuses on adherence to policy and procedure, as well as how effectively our organisational values are demonstrated when resolving complaints. As a result, improvements have been implemented, including increased performance monitoring, targeted staff training, the introduction of structured checklists, and clearer roles and oversight for complex complaints.
- In addition, residents co-created an Easy Read Building and Fire Safety document, which has now been rolled out across all high-rise buildings. This initiative responded to feedback that the previous document was overly lengthy and difficult to understand, leading to low engagement. The new version is more concise and accessible, ensuring that key safety information is accessible for all residents to engage with.
- Residents have also worked in partnership with us to develop a new Repairs Charter for contractors. This sets clear expectations for how contractors should behave in residents' homes, emphasising fairness, respect, and consistent service standards. The Charter will form part of the procurement process for all future contractors and will also be used as a tool for performance monitoring.
- Finally, residents reviewed our service charge letters to ensure they better reflected the information residents want and addressed their most common questions. Following these improvements, we saw a 11% reduction in resident queries, demonstrating increased clarity and effectiveness of communication.

219 residents participated in 20 resident involvement opportunities with most saying they were likely to continue

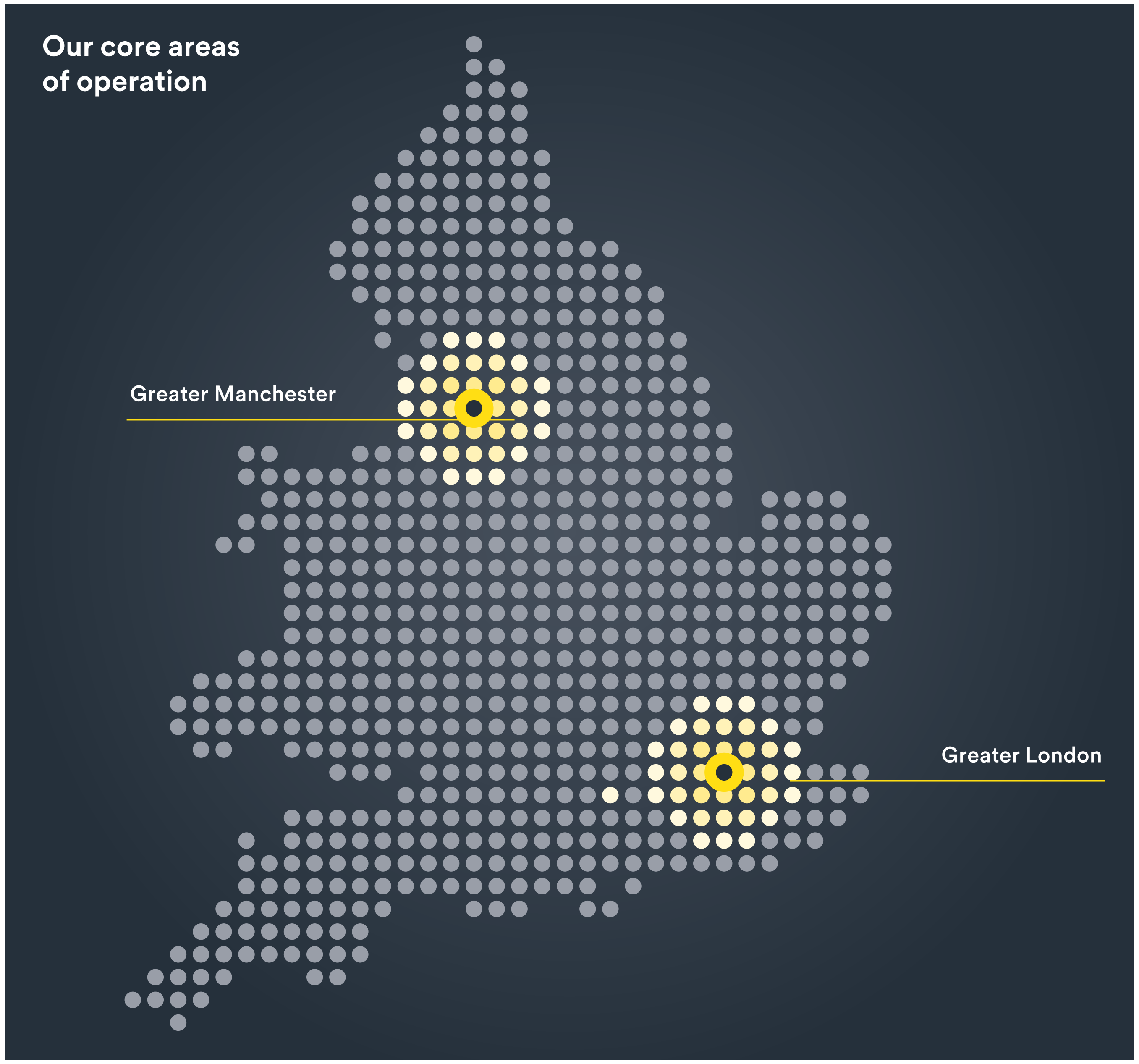
11%

The reduction in resident enquiries following improvements to resident letters

The L&Q Group houses more than 250,000 people in more than 106,000 homes, primarily across our core geographies of Greater London and Greater Manchester.

Number of homes managed

2026	2025	2024	2023	2022
106,300	109,700	109,500	108,300	107,200



We provide homes and services for a wide range of tenures, available to residents of diverse incomes.

Our largest resident group are those living in social rented housing. On average, residents living in these homes pay less than 50% of market rents, making them genuinely affordable for people on lower incomes. We are committed to preserving social housing, and building more of it.

2026 - 60,933
2025 - 64,065

Social rent - general needs and affordable rent
Primarily for low income residents eligible through local authority nominations

2026 - 13,649
2025 - 13,686

Shared Ownership and shared equity
Homeowners who own a proportion of their property and pay rent on the remaining

2026 - 4,625
2025 - 4,235

Intermediate market rent and key worker accommodation
For residents who pay less than 80% of the market rent

2026 - 7,062
2025 - 7,678

Supported housing, housing for older people and care homes
For older people or those with higher support need

2026 - 3,367
2025 - 3,313

Market rent and student accommodation
For residents who pay the market rent for their homes

2026 - 13,724
2025 - 13,817

Leaseholders
Homeowners who are provided services

2026 - 2,946
2025 - 2,856

Other landlords and other social homes
Services provided to homes owned by other landlords and other social homes

2026 - 15
2025 - 9

Commercial
Combined live and work home, and retail

Total: 2026 - 106,321
2025 - 109,659

02 People

Employee involvement

L&Q is committed to attracting, developing, and retaining a diverse and talented workforce that consistently delivers reliable, high-quality services to residents while embodying our organisational values and behaviours. We ensure our colleagues are equipped with the right skills, experience, and knowledge to thrive in their roles and grow within the organisation.

We foster a culture of shared leadership and collaborative learning, with a strong emphasis on internal development through structured talent pathways such as our 'Emerging Leaders' and 'Aspiring Managers' programmes. These initiatives are designed to nurture future leaders and support career progression across the business.

Our commitment to creating a positive and inclusive workplace has earned us recognition as a "Great Place to Work," reflecting the supportive and collaborative environment we provide for everyone. We're also an Investors in People accredited Gold standard organisation, reflecting our dedication to colleague engagement and development.

Guided by our corporate strategy, we continue to evolve our culture in line with our values and vision for our people. Our priorities include building an inclusive and diverse organisation, strengthening leadership to deliver sustainable organisational improvement and performance, positioning L&Q as an employer of choice, and operating as an agile and efficient organisation that supports excellent service delivery.

We are also focused on raising the profile of the social housing sector as a meaningful and rewarding career path—through partnerships, public engagement, and outreach—attracting individuals who are passionate about making a difference.

To support this, during the last year, our work on new and ongoing initiatives has included:

- We've refreshed our organisational values with active involvement from colleagues across teams to help us shape them while enabling our leaders to embed them, bringing to life what they mean and how we demonstrate and celebrate them in action.
- Informed by regular colleague engagement surveys, our diverse network of Engagement & Culture Champions have worked in-step with leaders and their teams to continuously improve our culture.
- Our Customer Excellence programme equips resident-facing teams with the skills to respond effectively and empathetically, manage challenging conversations with confidence, and collaborate seamlessly across departments.
- We offer comprehensive onboarding and induction programmes designed to help new colleagues quickly understand and embrace L&Q's culture, with a strong emphasis on placing our customers at the centre of everything we do.
- We utilise a psychometric tool to facilitate 'values based' recruitment as part of our recruitment and selection tools and processes. These tools assists us to identify a candidate's values, behaviours and attitudes, so that any areas of potential concern can be examined more thoroughly during the interview.
- Our suite of mandatory training ensures that all colleagues are equipped with the essential knowledge they require to undertake their roles in a safe and lawful manner. As at 31 March 2026, completion levels were at over 99.3% across L&Q demonstrating a strong compliance culture.
- We continue to develop our corporate office and depot facilities to ensure that we have modern workplaces which enable frontline colleagues to be based close to the residents they support and for our office and 'hybrid' colleagues to work and collaborate effectively.

Talent Development

Our range of Talent Development initiatives provide a variety of programmes for people to achieve their potential and career aspirations within L&Q. Through these programmes, we support people to fulfil their potential and aspirations and in turn, secure the future analysts, surveyors, carpenters, managers, and leaders of L&Q.

Key Achievements in the year include:

- We doubled investment in our Early Talent Programme with 43 new apprentice and graduate roles created, including 20 new trade apprentices as part of an ambitious 3-year programme to invest in our future maintenance services. We fund our 65 apprentices and graduates to gain recognised qualifications and support them through centrally delivered soft-skills and career confidence development.
- We have invested over £650,000 of Apprenticeship Levy funds in developing our people in this year including apprentices and upskillers. With 41 new enrolments this year, we now have 91 of our people undertaking technical apprenticeships, building in-demand skills in areas such as data, surveying and housing management.
- 60% of alumni from our Management and Leadership Pathway programmes have seen career progression within two years of completing the programme.
- Over the coming year, we will continue our increased investment in our Early Talent Programme with at least 40 new apprentice and graduate roles across the business in hard to recruit areas such as construction, technology and finance and including 20 trade apprentice roles to support our workforce planning. We will also be launching a new leadership pathway programme to support a stronger and more diverse talent pool for future leadership roles. And launching an impactful and sustainable work experience programme to promote both housing as a sector and L&Q as an employer of choice.

Diversity and Inclusion

L&Q is dedicated to embedding equality, diversity, and inclusion into every aspect of our work. This commitment spans the entire colleague journey—from recruitment and onboarding through to training, development, appraisal, promotion, and retirement. Equally, we apply these principles to how we deliver services, ensuring fairness and respect for all.

We are committed to fostering an environment free from discrimination, harassment, and victimisation – where dignity and mutual respect are the norm. Employment decisions are made objectively, without bias, and based solely on role requirements and individual merit. We remain responsive to the diverse needs of our colleagues, residents, and the wider community.

Our four colleague diversity networks – Inspire, Spectrum, Kaleidoscope, and Ability – partner with the business to drive progress and visibility in these areas. Oversight of our equality, diversity, and inclusion efforts rests with the Governance & People Group, which ensures our policies are effectively implemented and regularly reviewed. Their role is to uphold equality of opportunity in both service delivery and colleague experience.

We are now accredited as a Disability Confident Leader (Level 3) following an external assessment. As part of our commitment, we guarantee interviews for disabled applicants who meet the essential criteria for a role and continue to support disabled colleagues throughout their employment.

As part of the G15, L&Q has signed the G15 Ethnic Diversity Pledge, committing to:

- Increase ethnic diversity at all levels of the organisation
- Collaborate to invest in and support ethnic minority talent
- Celebrate the achievements of ethnic minority colleagues.

Our Recruitment Advocate scheme, which increases the diversity of our recruitment panels, is now in its second year with the number of advocates now at 29, all of whom are colleagues employed at L&Q. They participate as full members of recruitment panels for senior roles (head of service level and above) on a voluntary basis

Our other ongoing work around Equality, Diversity and Inclusion (EDI) included the development of the 3Es programme, focusing on Experience, Exposure and Education. The programme creates targeted opportunities for colleagues from underrepresented groups to build experience and gain visibility, while also supporting access to learning and qualifications. It reflects a practical understanding of the barriers to progression and a commitment to addressing them in a structured and sustainable way. In Greater Manchester, we participate in the BOOST programme, which includes reverse mentoring opportunities for ethnic minority colleagues and the opportunity to share best practice and learning.

Our commitment to equity also extends to the residents we serve with the Service Equity Programme, ensuring that fairness and inclusion are considered in how services are designed and delivered. This work aligns our internal EDI priorities with our wider social purpose as a social landlord.

Our annual Equality, Diversity and Inclusion report can be viewed on our website.

02 People

Pay ratios

As well as publishing our corporate gender pay gap figures, we also voluntarily publish equivalent figures for ethnicity and disability. These are all set out in more detail in a separate report which is published each year, available on our website.

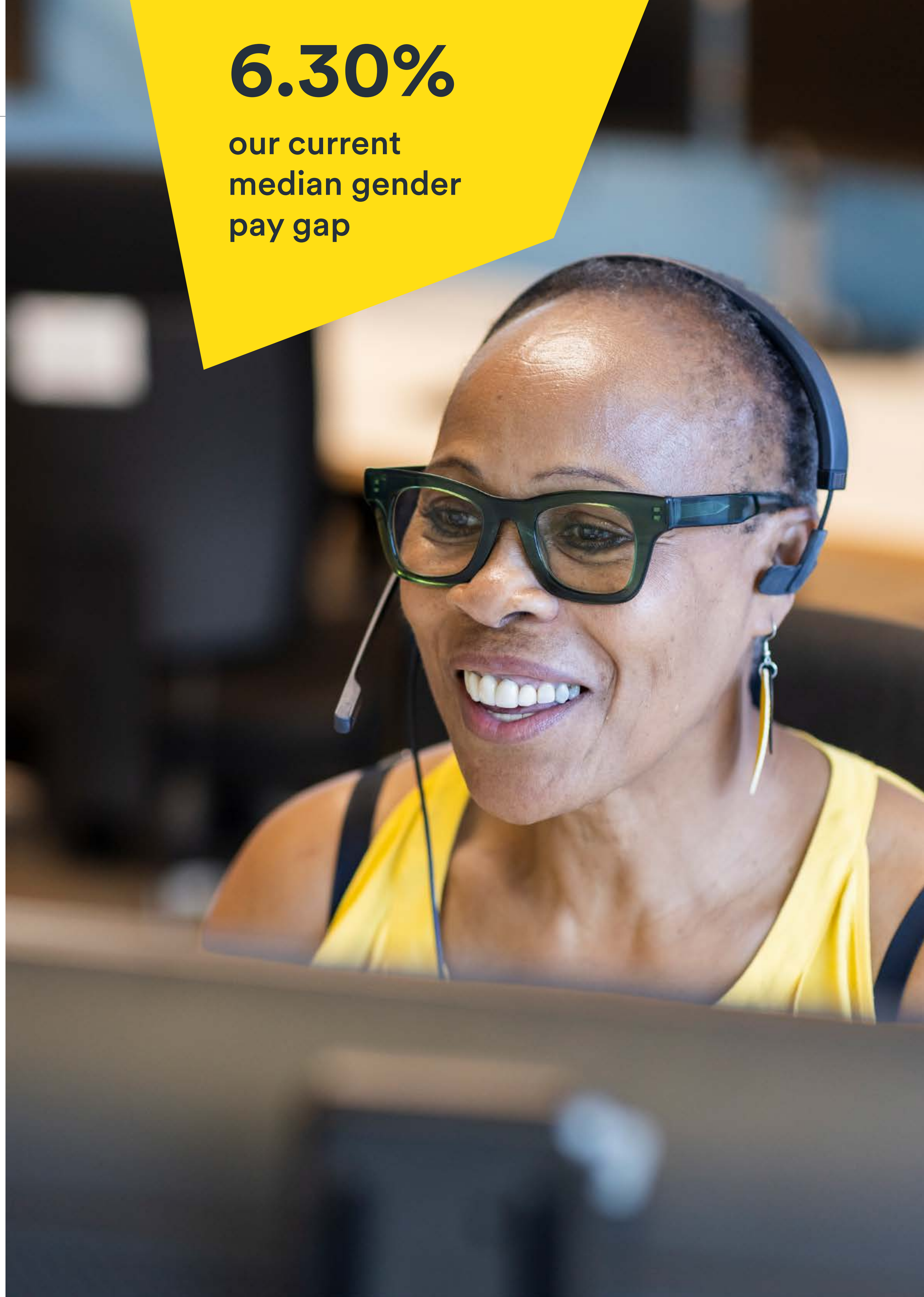
Our current median gender pay gap at 6.30% compares well with the wider UK pay gap but still leaves room for improvement as we strive to achieve a zero pay gap.

Since 2022, with the aim of providing greater transparency on pay, we also began to report on our CEO pay ratio. This compares the pay of our CEO to that of all staff employed by L&Q. Although not a legal requirement for L&Q to report as it currently only applies to listed companies, we have followed the same methodology set out by the government, which requires us to calculate the total full-time remuneration of all employees within the financial year, and then rank these in order from lowest to highest. From this list, the remuneration of employees at the 25th, 50th and 75th percentiles can be identified, and is compared to the CEO salary for that year.

CEO Pay Ratio

L&Q Group	25th percentile	50th percentile	75th percentile
2025/26 Ratio	12.51	8.95	7.16
2024/25 Ratio	12.16	9.97	7.17
2023/24 Ratio	12.84	10.42	7.35

Due to the limited number of similar organisations currently reporting, there is very little benchmarking information published. L&Q's CEO pay ratio of 8.95:1 shows a year on year reduction and continues to compare favourably with that average ratio of FTSE 100/250 companies, which was 95:1 for those reporting in 2025 (comparing data available at the time of writing). L&Q's CEO pay ratio results are significantly below most publicly reported, and have reduced year on year.



02 Value for money

Our strategic goals and performance

At L&Q, we define value for money as achieving the greatest possible social impact from every pound invested whilst maintaining the financial resilience needed to support current and future generations of residents.

Our new corporate strategy, Our Future Shape 2026-31, builds on the foundations established through the successful delivery of the previous Future Shape strategy and focuses on three clear commitments: providing social homes to meet housing need, providing good landlord services, and being efficient and maximising our impact.

These commitments provide a clear framework for how we allocate resources, make investment decisions and measure success. They ensure that every pound spent contributes towards delivering safe, secure and affordable homes, improving outcomes for residents, strengthening communities and sustaining the long term financial health of the organisation.

Value for money is not a standalone activity at L&Q. It is embedded throughout our strategy, governance arrangements, financial planning and operational delivery. Our approach is centred on achieving operational excellence and delivering the best overall outcomes for residents whilst maintaining the long term resilience necessary to invest in homes, services and future housing supply. This means balancing investment in existing homes, building safety and customer services with the need to remain financially strong, resilient and capable of responding to future challenges and opportunities.

Our performance framework has evolved alongside the launch of our new strategy. The Group Balanced Scorecard now provides a clearer line of sight between our three strategic commitments and organisational performance, supported by detailed Strategic Plans, operational performance measures, financial reporting and assurance activity. Together, these arrangements help ensure that resources remain focused on areas that create the greatest value for residents and support delivery of our long term strategic objectives.

Delivery assurance

Ultimately, accountability for delivering value for money rests with the Group Board. Oversight is provided through a comprehensive governance, risk and assurance framework that links strategy, performance, financial management and organisational control. Officer led governance groups, Executive Group and Board regularly review delivery of our Future Shape corporate strategy, progress against key performance measures, financial performance and strategic risks, ensuring that performance remains aligned with our purpose and strategic commitments.

Our approach has been further strengthened through closer integration of strategy, risk and assurance reporting. Strategic risks, operating performance, financial metrics and transformation activity are considered together, providing a more complete understanding of organisational health, resilience and value for money performance. This ensures that resources are directed towards activities that have the greatest impact for residents whilst maintaining an appropriate balance between service improvement, risk management and financial sustainability.

Governance and oversight of the delivery of Value for Money

Strong governance remains fundamental to our ability to deliver value for money. Our governance structure supports clear accountability for delivery across each of our strategic commitments and ensures effective oversight of organisational performance.

Alongside this, our controls and assurance framework continues to strengthen oversight across critical areas including building safety, customer services, financial resilience, data quality and organisational governance. Through a combination of performance reporting, assurance reviews, audit activity and risk management, we seek to ensure that value for money considerations remain embedded throughout the organisation and across all major investment decisions.

We also continue to benchmark our performance and value for money outcomes against leading housing associations and wider sector measures. This enables us to identify opportunities for improvement, challenge our own performance and ensure that we continue to evolve our operating model and service delivery in line with emerging best practice.

02 Value for money

Value for Money initiatives and achievements delivered in 2025/26

This year marked the successful conclusion of the Future Shape (2021-2026) corporate strategy. Over the five year period, Future Shape provided a strong foundation for organisational improvement, with 83% of strategic objectives fully delivered and embedded into business as usual and the remaining objectives substantially progressed and carried into the new Strategic Plans, alongside some that were no longer applicable. The strategy has helped transform our approach to asset investment, customer service, governance, risk management, financial resilience and organisational effectiveness, creating stronger foundations for the next phase of our improvement journey.

Over the life of the strategy, we delivered more than 15,500 new homes, including over 5,900 affordable rented homes, completed building safety inspections across more than 32,000 homes in around 2,000 buildings, delivered over 21,500 major works improvements and completed more than 1.3 million routine repairs. We also let more than 11,500 homes to new residents during the strategy period and secured more than £78 million of additional income for residents through financial inclusion and welfare support services, helping residents manage increasing financial pressures and sustain their tenancies.

Perhaps the most significant value for money decision taken during the strategy period has been the deliberate reallocation of resources towards existing homes and resident services. We have reduced exposure to more volatile market facing activities through a rationalised development pipeline, simplified the organisation and prioritised long term investment in the safety, quality and sustainability of residents' homes. Alongside this, asset divestment activity has supported a more focused and financially resilient business, allowing us to direct investment towards our core social purpose. While these decisions may reduce short term growth opportunities, they strengthen long term value for residents, improve service outcomes and enhance organisational resilience.

During 2025/26, performance against the Group Balanced Scorecard remained broadly stable despite continued economic and regulatory pressures. Overall resident satisfaction amongst social housing residents increased from 54% to 57%, whilst satisfaction that we treat residents fairly and with respect increased to 71% from 70%. Complaint handling performance improved significantly, with 95.8% of complaints responded to within timescales despite complaint volumes increasing by around 10% during the year. Satisfaction with anti social behaviour case management improved by almost 10% year on year, demonstrating the benefits of investment in service improvement and operational performance.

Property services performance continued to strengthen. Routine repairs completed within service standards improved year on year, while the repairs backlog reduced significantly over the life of the strategy. Increased investment in residents' homes has been accompanied by a more balanced approach between responsive repairs and planned maintenance, with responsive repairs representing 48% of total maintenance expenditure at year end. The growing proportion of repairs delivered through our in house service is also supporting improved resident satisfaction, with in house services achieving satisfaction levels of 82.8% compared with 76.0% for contractor delivered works.

Investment in the quality and safety of homes remains a central component of our value for money approach. During the strategy period we completed building safety inspections across our portfolio and remediated more than half of the buildings identified as presenting the highest level of fire safety risk. We maintained strong compliance across key statutory obligations and continued our major works programme, helping to improve the quality, safety and sustainability of residents' homes whilst reducing future maintenance risk and cost. We also achieved 99.84% compliance with fire safety inspections across our building portfolio.

Our development programme continued to respond to changing market conditions while maintaining focus on meeting housing need. Despite a challenging operating environment, 2,055 new homes were handed over during 2025/26, close to target levels, and customer satisfaction with the quality of new homes remained high at 87.8%. We have continued to de risk and reshape our development programme, ensuring future investment remains affordable, deliverable and aligned to our strategic priorities.

Our approach to value for money extends beyond financial performance alone. We also measure success through the quality of homes and services we provide, the outcomes achieved for residents and the positive impact we create in communities. Through the L&Q Foundation, community investment programmes and our supply chain, we continue to support residents, strengthen communities and create wider social value. During the period, over £8m was invested in communities and our supply chain delivered approximately £60 million of social value through employment, training, community initiatives and wider economic benefits.

We have also continued to improve value for money through procurement and supply chain activities. Across the Future Shape strategy period, cumulative procurement savings exceeded £82 million, significantly outperforming the original target of £55 million. During 2025/26 we completed development of a new supply chain operating model designed to deliver stronger category management, improved contract performance, greater commercial discipline and enhanced social value outcomes. Our procurement approach increasingly seeks to optimise not only financial efficiency but also sustainability, quality and resident outcomes, ensuring contracts generate long term benefits for communities as well as cost savings.

Alongside operational improvements, we have continued our transformation journey to simplify processes, strengthen organisational controls and improve the use of technology, data and information. All critical business applications have now migrated to cloud based solutions, while significant progress has been made in strengthening governance, risk management, assurance frameworks and data quality. The introduction of new systems and the continued development of our transformation portfolio are expected to improve productivity, strengthen compliance, enhance decision making and create a more consistent and reliable service experience for residents.

Financial performance remained resilient throughout the year despite continued economic uncertainty, elevated financing costs and challenging housing market conditions. EBITDA-MRI Interest cover remained strong at 143%, and EBITDA Interest cover stood at 210%, providing substantial headroom against our financial requirements and 'Golden Rules' - the guardrails we have set to ensure we remain financial strong and viable. Fixed asset disposals generated EBITDA of £173 million, outperforming target and helping offset wider pressures within development and sales activities. This financial strength allows us to continue investing in homes, services and organisational improvement whilst maintaining resilience against future risks and uncertainty.

Our people continue to play a critical role in delivering value for money. Workforce stability improved during the year, with voluntary turnover reducing to 8.3%, whilst diversity and inclusion continued to progress in several areas. Investments in leadership capability, organisational design and employee development have strengthened our ability to deliver both day to day services and long term strategic change.

The successful delivery of Future Shape leaves L&Q in a stronger position than five years ago. Resident services have improved, significant progress has been made in building safety and governance, financial resilience has been maintained, procurement savings have exceeded expectations and substantial investment has been directed towards improving existing homes. These achievements provide a strong platform for the delivery of Our Future Shape 2026-31, enabling us to focus on providing social homes to meet housing need, delivering good landlord services and maximising the impact of every pound we spend.

The future

As we begin delivery of our new corporate strategy, our focus is clear. We will continue to provide social homes to meet housing need, deliver good landlord services that residents can rely upon and operate efficiently to maximise our social impact. We recognise that the early years of the strategy will require significant investment in homes, services, systems and organisational capability. These investments represent deliberate choices designed to improve resident outcomes, strengthen regulatory compliance and deliver better long term value for money.

Building on the foundations established through Future Shape, we will continue to improve the quality of our homes, strengthen landlord services, optimise the use of resources and increase the positive social impact we create. Our ambition is to create a simpler, more consistent and more effective organisation that maximises social impact whilst maintaining the financial strength required to continue investing in social housing for decades to come. By combining a clear social purpose with disciplined financial management, robust governance and a relentless focus on operational excellence, we aim to deliver sustainable value for residents, communities and future generations.

Importantly, we are doing all of this with residents in mind and involved. Over 300 residents worked alongside the Board and Executive Group to help shape L&Q's new corporate strategy and the services we offer. We have continued this into the next year with Resident Assemblies focussed on what value for money means to them, and aim to incorporate this into our evolving approach to value for money at L&Q.

Value for money performance measures

The value for money measures reported in this section are drawn from three sources:

- The Regulator of Social Housing's Value for Money metrics, which provide a consistent basis for assessing financial performance, efficiency, investment and asset management across the sector.
- The Sector Scorecard, which brings together a standard set of financial, operational, customer and social value measures to support benchmarking and accountability across housing associations.
- L&Q's own Group Balanced Scorecard measures, which focuses on the indicators most closely aligned to our strategic priorities, resident outcomes and operational performance.

Taken together, these measures provide a balanced view of organisational performance and help demonstrate how effectively L&Q is converting financial resources into improved homes, better services and positive social outcomes for residents and communities.

02 Value for money

As in previous years, we have benchmarked our performance against the most recently available G15 median where comparable data exists. As one of the largest housing associations operating in London and Greater Manchester, we believe the G15 remains the most meaningful peer group for comparison, enabling us to understand relative performance, identify opportunities for improvement and challenge ourselves against organisations with similar scale, complexity and operating environments.

The measures presented in this report compare L&Q's 2025/26 performance against the previous year's performance and against the targets set for the final year of the Future Shape strategy. We rate outcomes green where performance exceeded target, and amber where the target was either missed by less than five percent or where performance improved on the previous year. This recognises that our stretching annual targets are intended to drive sustained, step-change improvements in performance. On several measures we consciously decided to miss targets as we either prioritised longer term value for money impacts by maintaining higher upfront investment to support longer term gains or sought to balance financial gains with trade offs to increased service and resident outcomes.

As 2025/26 represents a transition year between corporate strategies, the Group Balanced Scorecard measures reported in this section are those aligned to the final year of Future Shape. During 2026/27, reporting will transition to the new Group Balanced Scorecard measures established under Our Future Shape 2026-31. These revised measures have been designed to align more closely to our three strategic commitments, the evolving regulatory environment, resident priorities and our longer term ambitions for social impact, service excellence and operational efficiency.

In developing the new performance framework, we have reviewed our existing measures, incorporated learning from Tenant Satisfaction Measures, considered evolving regulatory expectations and reflected feedback from residents and stakeholders. As a result, some measures previously reported have been replaced, rebased or calculated using revised methodologies to ensure that they remain meaningful, relevant and focused on the outcomes that matter most. Where measures, definitions or targets have changed, a clear explanation is provided to maintain transparency and enable progress to be understood over time.

The following pages set out our performance against these measures and explain how they demonstrate delivery of value for money through financial resilience, investment in homes, service quality, operational efficiency, resident outcomes and long term social impact. By combining sector benchmarks, regulatory measures and L&Q specific strategic indicators, we aim to provide a transparent and balanced assessment of the value created for residents, communities and stakeholders during 2025/26. We have also indicated where we rate our achievement in the year against targets using a red / amber / green approach. Whilst many targets appear to have been missed, they were expected and were the result of conscious decision making through the year, for example in response to increased demand for repairs we expected to end the year with a higher cost per unit.

Acton Gardens, London

Business Health									
Measure	**Source**	2025/26 Actual	2025/26 Target	2025/26 Achieved	2024/25 Actual	G15 2024/25 Median	G15 2024/25 Ranking	2026/27 Target	2027/28 Target
Interest cover (EBITDA-MRI)	L&Q Balanced Scorecard (2021-26)	143%	150%	X	156%	n/a	n/a	n/a	n/a
Interest cover (EBITDA)	L&Q Balanced Scorecard (2026-31)	210%	228%	X	218%	n/a	n/a	194%	257%
Operating Margin (Core Business EBITDA)	L&Q Balanced Scorecard (2026-31)	38%	36%	✓	33%	n/a	n/a	31%	38%
EBITDA MRI (as % interest) [1]	RSH	50%	75%	X	86%	85%	4/11	16%	88%
Operating margin (overall) [2]	RSH	17%	21%	X	25%	15%	1/11	15%	25%
Operating margin (social housing lettings)	RSH	28%	30%	X	34%	22%	1/11	24%	29%

Key observations:

These Business Health measures assess how effectively L&Q generates operating income and services debt from operating activities. They link directly to our strategic objective of maintaining financial resilience while investing in homes and services. In 2025/26, performance was mixed. Interest cover after major repairs was 143%, below the 150% target and lower than 2024/25 (156%). EBITDA interest cover was 210%, also below the 228% target and lower than the previous year (218%). Although both measures fell short of target, they continue to demonstrate substantial headroom against financing requirements and support the Group's overall financial resilience.

The RSH EBITDA MRI measure was 50%, below the 75% target, the G15 median of 85% and the prior-year result of 86%. Based on the 2024/25 G15 comparison, L&Q ranked fourth out of 11 providers. This performance reflects the regulator's narrower calculation, which excludes some items that contribute to L&Q's broader financial performance, including gains on fixed asset disposals and shares of joint venture profits. Operating margins show a stronger relative position. Core business EBITDA margin improved to 38%, ahead of the 36% target and 33% achieved in 2024/25. Overall operating margin was 17%, below the 21% target and lower than 25% in 2024/25, but remained above the G15 median of 15% and ranked first out of 11 providers. Social housing lettings margin was 28%, below the 30% target and 34% in the previous year, while remaining above the G15 median of 22% and also ranking first out of 11 providers.

Importantly, performance isn't the only driving factor when making decisions. We have placed greater focus on what the right thing to do is, making conscious decisions to invest more in homes, spend more on maintenance in response to the increased demand we have seen particularly following the introduction of Awaab's Law. Through our major works partnerships we are driving better value and better services.

Looking ahead, our targets reflect the same deliberate choice to increase investment in existing homes, regulatory compliance and resident services. We accept that this places short-term pressure on some margin and interest cover measures, but supports better long-term outcomes and a more sustainable operating model. The 2026/27 targets show interest cover after major repairs improving to 194%, core business EBITDA margin reducing to 31% as investment increases, and overall operating margin at 15%. The longer-term outlook shows recovery as operational changes, procurement efficiencies and service improvements take effect, with 2027/28 targets rising to 257%, 38% and 25% respectively. We will continue to seek additional efficiency gains beyond those assumed in the budget, particularly through Repairs Change, supply chain improvements and tighter control of avoidable responsive repair costs. We are also at the very early stages of our Transformation programme, which we expect to deliver efficiencies and better services in future years alongside our Service Design work.

[1] EBITDA MRI % interest calculated as EBITDA MRI ÷ Gross interest payable x 100 as prescribed in the current Sector Scorecard - see glossary for full calculation.
[2] Excludes gain/(loss) on disposal of fixed assets, share of joint venture results and revaluation of investment properties from operating profit.

Development (Capacity and Supply)									
Measure	**Source**	2025/26 Actual	2025/26 Target	2025/26 Achieved	2024/25 Actual	G15 2024/25 Median	G15 2024/25 Ranking	2026/27 Target	2027/28 Target
New home starts	L&Q Balanced Scorecard (2021-26)	1,250	1,135	✓	519	n/a	n/a	n/a	n/a
Number of rented affordable home handovers	L&Q Balanced Scorecard (2026-31)	937	1,064	X	1,231	n/a	n/a	604	161
New supply delivered (social and non-social)	L&Q Balanced Scorecard (2021-26) & Sector Scorecard	2,055	2,069	X	2,316	807	1	1,707	780
Social housing homes	Sector Scorecard	1,479	1,515	X	1,875	626	1	797	283
Non-social housing homes	Sector Scorecard	576	554	✓	441	70	1	910	497
New supply delivered % (Social)	RSH	1.7%	1.8%	X	2.1%	1.2%	1	0.9%	0.3%
New supply delivered % (Non-social)	RSH	0.5%	0.5%	✓	0.4%	0.1%	6	0.9%	0.5%
Gearing [3]	RSH	44%	33%	X	46%	50%	5	36%	36%

Key observations:

Our development programme delivered 2,055 new homes in 2025/26, comprising 1,479 social housing homes and 576 non-social homes. Total delivery was only 14 homes below target but lower than the 2,316 homes completed in 2024/25, reflecting the continued reshaping of the programme and our increased strategic focus on investment in existing homes. Notwithstanding this reduction, L&Q's 2024/25 delivery remained substantially above the G15 median of 807 homes and ranked first in the G15. We also started 1,250 new homes during the year, exceeding the target of 1,135 and significantly higher than 519 in the previous year, demonstrating our continued commitment towards building more much needed homes.

Rented affordable home handovers totalled 937, below the target of 1,064 and the 1,231 delivered in 2024/25. Social housing delivery of 1,479 homes was also below the target of 1,515 and the prior-year result of 1,875. Some handovers were deferred where homes did not meet the required quality standards. This disciplined approach protects residents, avoids accepting unresolved defects and supports better long-term value for money. Despite the year-on-year reduction, social housing delivery remained materially above the G15 median of 626 homes and ranked first in the G15.

New social housing supply represented 1.7% of existing stock, slightly below the 1.8% target and 2.1% achieved in 2024/25, but above the G15 median of 1.2%, ranking L&Q first in the G15. Non-social housing supply was 0.5%, meeting target and increasing from 0.4% in the previous year. It was also above the G15 median of 0.1%, placing L&Q sixth. Looking ahead, the programme continues to be reviewed and rephased to reflect viability, market conditions and the priority given to existing homes. Targets reduce to 1,707 total homes in 2026/27 and 780 in 2027/28, of which 797 and 283 respectively are expected to be social housing homes.

Gearing reduced to 44% from 46% in 2024/25. Although above the 33% target, it remained below the G15 median of 50% and ranked fifth in the peer group. The target was missed primarily because of the delayed completion of the sale of the PRS Co Ltd business beyond the financial year end, so the expected disposal proceeds and reduction in the Group's asset and debt position were not reflected in the 2025/26 measure. The sale subsequently completed in June 2026. Gearing is therefore targeted to reduce to 36% in 2026/27 and remain at that level in 2027/28, reflecting the completed disposal and the Group's continued management of debt, assets and development commitments within its long-term financial capacity.

[3] Gearing calculated as net debt ÷ carrying value of housing properties x 100 as prescribed in the current Sector Scorecard, where net debt represents total bank and debenture loans less cash and cash equivalents.

Outcomes delivered

Measure	Source	2025/26 Actual	2025/26 Target	2025/26 Achieved	2024/25 Actual	G15 2024/25 Median	G15 2024/25 Ranking	2026/27 Target	2027/28 Target
Overall Satisfaction - Low Cost Rental Accommodation	TSM & L&Q Balanced Scorecard	57%	54%	✓	54%	63%	11	61%	n/a
Overall Satisfaction - Low Cost Home Ownership	TSM & L&Q Balanced Scorecard	27%	31%	X	29%	33%	8	31%	n/a
% Routine repairs completed within service level	L&Q Balanced Scorecard	77%	80%	X	74%	n/a	n/a	80%	n/a
Reinvestment %	RSH	3.2%	3.3%	✓	4.8%	5.3%	9	3.0%	2.4%
Investment in communities	Sector Scorecard	£8.3m	£8.6m	X	£7.0m	£6.5m	4	£8m	£9m

Key observations:

The outcomes delivered measures assess how effectively we translate our resources into better services, homes and community outcomes for residents. Overall satisfaction among low-cost rental residents increased to 57%, exceeding the 54% target and improving from 54% in 2024/25. Although this remains below the G15 median of 63%, the year-on-year improvement is encouraging and the 2026/27 target has been increased to 61%. Satisfaction among low-cost home ownership residents was 27%, below the 31% target, 29% achieved in the previous year and the G15 median of 33%. Improving the experience of homeowners therefore remains a priority, with a 2026/27 target of 31%.

Routine repairs completed within service level increased to 77% from 74% in the previous year, although performance remained below the stretching 80% target. The 2026/27 target remains at 80%, supported by service improvements plans, which is focused on better diagnosis, scheduling and contractor performance, clearer resident communications and reducing outstanding work.

Reinvestment was 3.2%, close to our target but lower than 4.8% in 2024/25 and the G15 median of 5.3%. The reduction reflects the timing and changing profile of investment in new homes as the development programme is reshaped and resources are increasingly directed towards the safety, quality and sustainability of existing homes. Future targets of 3.0% in 2026/27 and 2.4% in 2027/28 are aligned with this planned investment profile.

Investment in communities increased to £8 million from £7 million in 2024/25. Although this was £1 million below target, it remained above the G15 median of £6.5 million and ranked fourth among peers. The 2026/27 target is maintained at £8 million, increasing to £9 million in 2027/28. This investment provides practical support for residents and communities and, together with the wider social value generated through our supply chain and investment programmes, demonstrates our commitment to delivering outcomes beyond core landlord services.

Effective asset management

Measure	Source	2025/26 Actual	2025/26 Target	2025/26 Achieved	2024/25 Actual	G15 2024/25 Median	G15 2024/25 Ranking	2026/27 Target	2027/28 Target
Return on capital employed [4]	RSH	2.7%	3.1%	X	3.1%	2.4%	3	2.0%	2.9%
Occupancy	RSH	99.2%	n/a	n/a	98.9%	99.0%	7	n/a	n/a
Ratio of responsive repairs to planned maintenance [5]	Sector Scorecard	90%	75%	X	85%	67%	9	75%	91%

Key observations:

The effective asset management measures assess how efficiently we use and invest in our housing assets to support good quality homes, strong operational performance and long-term financial sustainability. Return on capital employed was 2.7% in 2025/26, below the 3.1% target and the 3.1% achieved in the previous year. It nevertheless remained above the G15 median of 2.4%, with L&Q ranked third among peers. The reduction reflects a lower operating return relative to the capital employed across the Group. The target reduces to 2.0% in 2026/27 as planned investment increases, before recovering to 2.9% in 2027/28 as operating performance strengthens.

Occupancy increased to 99.2% from 98.9% in 2024/25 and was slightly above the G15 median of 99.0%. High occupancy supports value for money by maximising the use of existing homes, increasing rental income and making more homes available to meet housing need. The result reflects continued focus on reducing empty-home turnaround times and resolving delays associated with lettings, nominations and more complex properties. Although no formal future target has been set, we will continue to monitor occupancy closely and seek further improvement.

The ratio of responsive repairs to planned maintenance measures the balance of expenditure between reactive work and planned investment; a lower percentage indicates better performance because more resources are directed towards planned maintenance. The ratio increased to 90% from 85% in 2024/25, meaning performance deteriorated. It was above the 75% target and the G15 median of 67%, with L&Q ranked ninth. This reflects continued pressure on the repairs service and the priority given to reducing outstanding work, a conscious decision that was made in order to make significant progress this year in improving our repairs services and reflecting increased demand for services after the introduction of Awaab's Law. The 2026/27 target of 75% represents increased budget allocation to planned and major repairs in line with our asset investment plans alongside tighter control of reactive repair costs

[4] Return on capital employed calculated as operating surplus including gain/(loss) on disposal of fixed assets and share of operating surplus/(deficit) in joint venture or associates ÷ total fixed assets + total current assets less current liabilities at end of year
[5] Routine maintenance as a percentage of planned maintenance + major repairs expenditure + capitalised major repairs and re-improvements expenditure

Operating efficiencies									
Measure	**Source**	2025/26 Actual	2025/26 Target	2025/26 Achieved	2024/25 Actual	G15 2024/25 Median	G15 2024/25 Ranking	2026/27 Target	2027/28 Target
Headline social housing cost per home	RSH	£8,011	£7,409	✗	£6,852	£6,929	6	£8,700	£7,914
Management cost per home	Sector Scorecard	£947	£968	✓	£812	£2,007	1	£1,108	£1,170
Service charge cost per home	Sector Scorecard	£1,258	£1,330	✓	£1,257	£1,105	8	£1,431	£1,483
Maintenance cost per home	Sector Scorecard	£3,128	£2,905	✗	£2,503	£1,924	10	£3,300	£2,781
Major repairs cost per home	Sector Scorecard	£1,605	£1,610	✓	£1,624	£1,587	7	£2,181	£1,900
Other social housing cost per home	Sector Scorecard	£1,074	£595	✗	£656	£457	7	£681	£579
Rent collected as % of rent due (General needs)	Sector Scorecard	106%	100%	✓	100%	99%	3	n/a	n/a
Overheads as a % of adjusted turnover	Sector Scorecard	10%	11%	✓	8%	12%	1	11%	11%

Key observations:

Operating efficiency measures demonstrate the control and discipline applied to our resources while we increase investment in homes and services. Headline social housing cost per home rose by 17% to £8,011, exceeding the £7,409 target and the G15 median of £6,929, with L&Q ranked sixth in the G15. The increase was driven principally by higher maintenance and other social housing costs, reflecting sustained repairs demand, work to reduce outstanding repairs backlogs and new home development defect costs. The 2026/27 target increases to £8,700 as investment rises further, before reducing to £7,914 in 2027/28 when we expect service, procurement and operating model improvements to take effect.

Management cost per home increased to £947 but remained below the £968 target. This demonstrates continued cost control while we invest in neighbourhood services and smaller patch sizes. Service charge cost per home remained broadly stable at £1,258 and below the £1,330 target. Future targets reflect inflation and the planned cost of the revised service model, alongside continued scrutiny of service quality and recoverability.

Maintenance cost per home increased to £3,128, above the £2,905 target, as we responded to sustained repairs demand and prioritised reducing outstanding work. In contrast, major repairs cost per home reduced slightly to £1,605, remaining below the £1,610 target and the £1,624 prior-year result. Repairs Change, stronger contract management, improved planning will support better productivity, quality and cost control, with future targets reflecting the planned balance between responsive and planned activity.

Other social housing cost per home increased to £1,074, above the £595 target. The increase includes costs associated with defects in new homes delivered through legacy development projects, where L&Q has incurred expenditure to complete remedial works and ensure homes meet the required quality standards. Future targets reduce to £681 in 2026/27 and £579 in 2027/28, reflecting the expected reduction in these legacy defect costs, the normalisation of other one-off and non-core expenditure, and tighter cost control.

The 2025/26 rent collection was 106%, indicating strong performance and recovery of arrears from previous periods during the year. This compared to prior year of 100%, and a G15 median of 99%, with L&Q ranked third in the G15.

Overheads were 10% of adjusted turnover, better than the 11% target and below the G15 median of 12%, with L&Q ranked first in the G15. Although the ratio increased from 8% in 2024/25, overheads remained comparatively efficient. Targets of 11% for 2026/27 and 2027/28 reflect planned investment in systems, controls and organisational capability. We will continue to seek additional efficiencies beyond those assumed in the budget so that the greatest possible proportion of resources is directed towards homes, residents and front-line services.

106%

rent collection in 2025/26 indicating strong a performance

02 Energy and carbon emissions

Context and scope

L&Q's energy consumption and associated carbon emissions are reported below in line with the UK government's streamlined energy and carbon reporting (SECR) regulations. These figures represent the carbon emissions associated with the Group's consumption of natural gas, electricity and transport fuel.

Specifically, they include:

- Gas and electricity used in our offices
- Gas and electricity procured for use in our residential portfolio, e.g. for communal heating
- Temporary gas and electricity supplies to empty homes in our residential portfolio
- Mains gas and electricity used on our construction sites
- Fuel used by our transport fleet, and
- Fuel used for business purposes by all employees within the L&Q Group.

Note: Details on the methodology applied can be found in the glossary and alternative performance measures section at the end of our Financial Statements (Note 35).

2025/26 performance

In terms of our environmental impact, L&Q's total carbon emissions across scopes 1, 2 and 3 decreased by 8% in comparison to last year from 31.530 tCO2e to 29,139 tCO2e. Our carbon emissions intensity ratio also fell by 3% to 0.26tCO2e per unit. Within our SECR calculations, only one category of Scope 3 emissions is included. See the other Scope 3 disclosure in our separately published Sustainability Report 2025/26 (section 2.2.3).

Within consumption, we saw an overall reduction of 2%, primarily driven by a reduction in corporate and communal gas consumption (8%), construction-related activity (both gas and electricity), and transport fuel. Increases in consumption were seen for electricity in particular, sitting at 13%, as well as in void properties (both gas and electricity) and employee mileage.

Emissions do not directly mirror consumption trends. While close correlation was observed for gas, void properties, construction-related activities, and fleet emissions, emissions from electricity decreased slightly by 4%, despite the increase.

There is no single factor that can be identified as the primary driver of the trends observed, but the following combination of influences have all contributed.

Energy use and carbon emissions	2025/26	2024/25	Unit	% Change
Total energy consumption (used to calculate emissions):	161.4	164.9	GWh	-2%
Gas	112,767	122,024	MWh	-8%
Electricity	36,656	32,481	MWh	13%
Transport fuel	10,239	10,484	MWh	-2%
Business travel	1,739	1,618	MWh	7%
Emissions from combustion of gas (Scope 1)	20,632	22,689	tCO2e	-9%
Emissions from purchased electricity (Scope 2, location-based)	6,488	6,725	tCO2e	-4%
Emissions from combustion of fuel for transport purposes (Scope 1)	2,064	2,116	tCO2e	-2%
Emissions from business travel in rental or employee-owned vehicles where L&Q is responsible for purchasing the fuel (Scope 3)	420	389	tCO2e	8%
Total carbon emissions (excluding renewable energy)	29,604	31,919	tCO2e	-7%
Total renewable electric procured	2,103	2,224	MWh	-5%
Total remaining brown electricity	34,553	30,257	MWh	14%
Total net carbon emissions (including renewable energy)	29,184	31,530	tCO2e	-8%
Carbon emissions intensity ratio	0.26	0.27	tCO2e /unit	-4%

Consumption refers to the energy used, typically measured in kWh. By contrast, emissions represent the carbon impact of that energy use, calculated by applying conversion factors to the consumption data and expressed in tonnes of CO_2e.

Key points:

- Our portfolio size remained broadly the same as 2024/25, with only minor changes. There were 180 fewer electricity supplies billed this year, and 40 fewer for gas, which were primarily smaller consuming supplies. These changes may contribute to some of the trends observed.
- For gas, there was an approximate 8% decrease in both consumption and emissions, across residential, community centre energy use, construction and voids. The parallel movement suggests portfolio-wide drivers influencing gas use. This reduction is believed to partially reflect improved energy efficiency from previous energy efficiency works rather than external climatic factors alone.
- For electricity, consumption increased by 13%, while emissions decreased by 4%. The UK electricity grid has continued to be decarbonised with emissions factor reducing by approximately 15% in 2025, resulting in lower reported emissions despite the consumption. However, there are also notable data quality issues affecting these trends. A large portion of data for latter months, specifically March, are incomplete in both 2024/25 and 2025/26. Accuracy remains dependent on improving meter coverage and the frequency of meter reads.
- Across both gas and electricity, two consistent trends were observed: a reduction in construction-related emissions and an increase in emissions associated with void properties. Many of our construction projects were completed, and improvements in our voids management system were made, leading to enhanced data accuracy.
- Despite the overall reduction in fuel-related emissions, there has been a slight increase in emissions from the Facilities fleet. This is primarily attributable to several office closures and relocations during the year, which may have resulted in increased employee mileage.
- We continued to procure renewable electricity for office operations where feasible. During 2025/26, a total of 2,102,607 kWh of green electricity was purchased, representing approximately 6% of total electricity consumption.

Scope 1 – Gas:
Consumption from our directly purchased Scope 1 Gas, which is mainly used in offices, development sites, the bulk gas suppliers feeding our communal boilers and heat networks, and construction decreased by 8% from 122,024 MWh last year to 112,766 MWh this year. In associated emissions, this results in a roughly proportionate decrease of 9%. The reduction likely reflects early indications of reduced gas use as a result of previous investment in heat networks. In addition, there was a slight reduction in the total number of homes included in supplier invoices during the year, which may contribute to the overall decrease.

Another driver of the reduction was lower construction-related consumption and associated emissions. This was primarily driven by a contraction in the in-house new build programme, as several large projects moved beyond the most resource-intensive phase of construction or were completed during the year. This trend is evident at key sites such as Greenwich Peninsula and Kodak.

Within the overall gas figures, a small portion relates to community centres' data, where consumption increased slightly. However, this represents a relatively minor share of total usage and therefore does not materially impact the overall trend. These patterns will continue to be monitored and verified in future reporting periods.

In contrast, there was a notable increase in consumption from void properties. While this remains a relatively small proportion of the overall portfolio, the increase is important to highlight. This is partly attributable to improvements in our internal data systems. Our void management software now provides a more accurate measure of average turnaround time, replacing the assumptions used in previous years. As a result, the reported average turnaround time has increased, despite a broadly similar volume of units, leading to a corresponding increase in estimated void-related energy consumption.

Obtaining timely consumption data for void properties from suppliers continues to be challenging, meaning that a degree of estimation remains within our void consumption calculations. We are working with suppliers to improve the availability and quality of this data going forward, which may lead to further refinements in reported figures in future years.

Scope 2 – Electricity:
Overall, directly purchased electricity consumption has increased by 13% from 32,481 MWh to 36,656 MWh this year. For associated emissions, we saw a 4% decrease. However, there are notable data quality issues that may be influencing this trend. A key issue is the increasing incompleteness of data towards the end of the financial year, particularly in March, across both 2024/25 and 2025/26. Supplier datasets show reduced coverage and a sharp increase in zero-consumption sites. The unusually low consumption recorded in March 2024/25, followed by a peak in April 2025/26, suggests that some delayed or backfilled meter readings may have been recorded outside of the correct reporting period, rather than representing genuine changes in demand. This builds on an existing challenge around obtaining regular meter readings, largely due to limited meter coverage.

Further analysis indicates that 3,305 of 5,521 sites recorded increases in electricity consumption year-on-year; a further 207 sites that moved from zero to recorded usage, while 563 sites reported zero consumption in both years, highlighting persistent gaps in data coverage. A large proportion of recorded increases are also significant, with 2,156 sites showing increases of over 50%, highlighting a high degree of variability in the data year-on-year.

Challenges remain in obtaining regular meter reads and progressing meter upgrades, and therefore the accuracy and completeness of electricity data should be considered when interpreting these trends. This issue has been discussed with our supplier, and we have plans to work together in the coming months to increase number of exchanges to AMR or smart meter installations, supporting more accurate data driven invoicing.

The decrease in emissions despite higher consumption reflects a combination of factors, including:

- The continued decarbonisation of our electricity grid. There has been a c.15% decrease in UK's Scope 2 emissions factor from 2024 (0.20705 kg CO_2e) to 2025 (0.177 kg CO_2e).
- There is also a shift in the composition of the housing portfolio to lean more into electricity away from gas in our new builds.

We continued to procure renewable electricity for office operations where feasible. During 2025/26, a total of 2,102,607 kWh of green electricity was purchased, representing approximately 5% of our total electricity consumption. However, following a review of the cost of Renewable Energy Guarantees of Origin (REGOs), renewable electricity has not been procured for communal supplies. This is due to the service charge implications for residents as the costs would be passed through.

The same factors relating to void properties and construction sites described under Scope 1 – Gas are also applicable to electricity consumption.

Scope 1 – Transport fuel:
This year, the highest increase emissions in this category came from Facilities fleet. The closure of some large regional offices including Cray House and Garratt Lane, and the relocation of our Slough office, led to higher vehicle usage.

Still, compared to last year, the overall difference was a downward trajectory in emissions of 2%. Within this, we saw 5% increase in Direct Maintenance fleet, and 18% in Facilities fleet, whereas there was a slight decrease in Caretaking fleet of -1%. Also, this year, we continued to use HVO, a renewable biofuel, across several construction sites as an alternative to diesel. A few sites including Greenwich Peninsula, Walthamstow, and Kodak showed recurring use of HVO during the year. However, the use of white diesel remained prevalent at other sites, too. This indicates that while progress has been made, expanding the adoption of HVO and renewable electricity remains a key focus to further reduce emissions from construction activities.

Scope 3 – Employee mileage:
There was a slight increase of 8% in the employees' mileage, which may potentially be explained by office closures and relocations, as explained above. However, there has been a positive shift towards electric and hybrid vehicles used by colleagues. In 2025, we teamed up with Octopus Electric Vehicles to introduce a salary sacrifice scheme, enabling staff to access new electric vehicles while benefiting from cost savings. This initiative is still relatively new, but the impact is likely going to increase over the years and represents an important step. We will continue to build on this approach over time.

Energy efficiency measures

We recognise the significant well-being and financial benefits that energy efficiency improvements deliver for residents, as well as the urgency of decarbonising our housing stock. We want residents to live in energy efficient homes that are safe and affordable, as well as comfortable and enjoyable places to live. A more energy efficient home reduces the need for heating, helping bring down energy bills. It also helps to lower our carbon footprint and moves us closer to becoming net zero by 2050 across the homes we manage.

With this in mind, we have sought to make the most of the government's funding through the Social Housing Decarbonisation Fund and more recently through the Warm Homes Fund Wave 3. In 2025/26, our £45m Social Housing Decarbonisation Fund (SHDF) Wave 2.1 energy efficiency programme came to its end. We set out in 2024 with an ambition to improve over 3,000 homes across the two-and-a-half-year delivery period. In total between 2024 and 2026, 786 homes were improved to EPC Band C through insulation upgrades, including 110 in 2025/26.

In 2025/26, we also launched a new three-year programme to upgrade a further 1,500 homes to EPC Band C under the Warm Homes Social Housing Fund (WH:SHF Wave 3), with £16m awarded in grant and the remainder match funded by L&Q. This programme focussed on fabric first measures for our hardest-to-treat homes. The programme was reduced to £40m in January 2026, with a resultant 1,350 homes expected to be improved to EPC C by 2028.

Delivery of outcomes across both programmes depended on the availability of internal match funding. In a challenging economic climate, difficult decisions were taken through our governance framework to reduce in-year budgets for energy efficiency works, while protecting investment in Health & Safety, Building Compliance and Decent Homes. This reflects our strategic priorities and focuses resources on programmes which improve the safety of and service we provide to our residents.

Although some match funding was retained for EPC improvement measures, available resources were further stretched by our prioritisation of homes with the lowest energy performance. Our strategy has prioritised some of our most difficult-to-treat properties, such as terraced homes with solid walls. The higher than anticipated costs and delivery challenges associated with deep retrofit measures, such as solid wall insulation, required additional match funding and longer delivery times than originally planned. Despite these challenges, we continued to improve the energy performance of a significant number of homes through our Decent Homes programme, particularly through the installation of double glazing and insulated external doors, helping more properties achieve an EPC C rating.

As we prepare for full compliance with the forthcoming Minimum Energy Efficiency Standards (MEES), the costs associated with our optimised delivery pathway have been assessed and are currently being reviewed by senior leadership. Our approach seeks to maximise benefits for residents while remaining mindful of wider financial pressures and competing investment priorities.

We are continuing to review and refine our net zero strategy and develop a longer-term approach to decarbonisation, which include our route to EPC C by 2030 and Net Zero by 2050. The refreshed approach is expected to include a stronger focus on transitioning to low-carbon heating, MEES compliance (which was not a consideration in the 2022 plan), and the rollout of solar panels. In total, we have installed 8,569 energy efficiency measures in 2025/26 across SHDF and the major works planned programme.

This year, the majority of heat network and communal heating projects delivered by Major Works mainly focused on condition improvement and plant replacement, rather than optimisation. Overall, we completed three projects and have four remaining schemes focused on energy efficiency. We also carried out five optimisation studies, with measures implemented across our sites including heat network upgrades, boiler replacements, Building Management System (BMS) enhancements, and Heating Interface Unit (HIU) replacements. We're seeing early indications of reduced gas use thanks to investment in our heat networks. We will continue to monitor and verify data and trends for future reports to draw firm conclusions. As part of our efforts to improve generation capacity and the safety of our existing solar PVs, Low Carbon Exchange continue to manage and annually service our PV assets.

02 Sustainability at L&Q

In 2025/26 across both Social Housing Decarbonisation Fund (SHDF) and Major Works (MWIP), L&Q has installed:

- 'A' rated double-glazed windows to **2,441** homes
- **2,827** 'A' rated insulated external doors
- **2,848** upgraded boiler systems
- **119** homes with additional loft insulation
- **68** homes with additional cavity wall insulation
- **134** homes with improved ventilation
- **105** homes with additional internal or external wall insulation
- Efficiency improvements in **27** district heating schemes

As of 31 March 2026, 77% of L&Q homes met EPC band C or above under SAP 9.94, or 71% under SAP 10, compared with 75% in the previous year under SAP 9.94. For context, analysis for 2024/25 showed that L&Q's proportion of homes meeting EPC C was lower than that of most other large London-based landlords, slightly below the overall sector average, and below the wider benchmark of 78.8% reported in the 2025 Sustainability Reporting Standard (SRS).

The regulatory landscape for energy efficiency in housing continues to evolve, with the introduction of Minimum Energy Efficiency Standards (MEES) and proposed EPC reforms setting more stringent requirements for property performance. In response, we are actively working to understand how our portfolio aligns with these emerging requirements, which we'll start reporting on in 2026/27.

Our target for the year was to achieve an average calculated SAP score of 73.20, equivalent to a low EPC C rating. We exceeded this target, achieving an average SAP score of 73.65.

Several factors contributed to this improvement, including the handover of new, high-performing homes achieving EPC B or above, stock rationalisation activity, improved data quality and collection processes, and the delivery of energy efficiency upgrades through our major works programme. These improvements were partially funded through the SHDF Waves 2 and 3.

Gas consumption accounts for 70% of our overall emissions reported in Streamlined Energy and Carbon Reporting (SECR). Within this, heat networks representing a significant portion of this usage. These systems primarily run on gas boilers, and we are reducing emissions by improving their operational efficiency.

The electricity used in the communal areas of our homes contributes only a small portion to our Scope 1 & 2 emissions. We continued to procure renewable electricity for office operations where feasible.

As part of our efforts to improve generation capacity and the safety of our existing solar PVs, Low Carbon Exchange continue to manage and annually service our PV assets.

As one of the UK's largest housing associations, we recognise that our activities have a profound impact on the environment and that we have a responsibility to minimise this impact. We have been an Adopter of the Sustainability Reporting Standard (SRS) for Social Housing since 2022, and our sustainability priorities are aligned with the United Nation Sustainable Development Goals (SDGs).

Our published Sustainability Finance Framework paved the way for us to successfully complete the first sustainability linked bond issuance in the social housing sector in January 2022, placing a £300m landmark issue. The Framework was updated in August 2024 and within this we set updated ESG metrics for the remainder of the life of the corporate strategy, to 2026. Details on our Streamlined Energy and Carbon Reporting methodology can be found in Note 35.

77%

the number of L&Q homes that met EPC band C or above

03

Governance

03 Group Board

The L&Q Group is governed by its Group Board (the Board) – Board member biographies can be found in the following pages, and are available on our website.

London & Quadrant Housing Trust (LQHT) is the parent of the L&Q Group and is an exempt charity and registered society under the Co-operative and Community Benefit Societies Act 2014. It has overall control of all of its subsidiaries and is responsible for the leadership of the L&Q Group.

Governance update

Following a regulatory inspection undertaken in Q1 2025/26, the Regulator of Social Housing published its latest judgment of L&Q Housing Trust in August 2025, confirming that LQHT remains compliant with the Governance and Financial Viability Standard.

The Regulator awarded LQHT a G2 governance rating, representing a regrade from its previous G1 rating. The judgment recognised that LQHT's Group Board is appropriately skilled and experienced, that its governance arrangements are effective in supporting the delivery of its strategic objectives, and that it makes effective use of its resources.

Whilst G2 remains a compliant rating, LQHT's ambition is to return to the highest governance rating of G1 at the earliest practicable opportunity. Under the National Housing Federation Code of Governance, LQHT is required to undertake a formal governance review at least every three years. Prior to receiving the regulatory judgment, LQHT had already taken the decision to bring forward its next review by one year to ensure that any governance enhancements could be aligned with its next strategic planning period commencing in April 2026.

LQHT's governance review has now been completed and was approved by the Group Board in March 2026. The review considered the effectiveness of LQHT's governance framework, including its Board and committee structure, roles, responsibilities and decision-making arrangements. The review was informed by feedback received through the regulatory inspection process and identified a number of enhancements designed to strengthen governance effectiveness and support LQHT's ambition to return to a G1 governance rating.

Implementation of the approved recommendations is now underway with direct oversight by Group Board.

Code of Governance

LQHT has adopted the principles and provisions of the NHF Code of Governance 2020. An assessment of compliance with the Code is undertaken annually and LQHT is confident that it remains compliant in all material aspects. There are no areas of non-compliance highlighted, but LQHT continues to strengthen its approaches on an ongoing basis to ensure it remains fully compliant.

The NHF Code of Governance applies to LQHT's relationship with its subsidiaries. LQHT's principal subsidiaries have adopted the Group Governance Standing Orders or a tailored version proportional to the nature and size of the subsidiary. By adopting sections of the Group Governance Standing Orders, each subsidiary acknowledges that LQHT has the power to intervene, if necessary, in its governance.

A list of L&Q's direct and indirect subsidiaries can be found in Note 34 of these financial statements.

Code of Conduct

LQHT has adopted the NHF Code of Conduct 2022. An assessment of compliance with the Code is undertaken annually and we are confident that we remain compliant in all material aspects.

Leadership and control

The Board consists of between five and twelve Board Members (excluding co-optees). As at 31 March 2026 there were nine members which includes the Group Chief Executive and the Group Finance Director. Their biographies can be found on our website for more information on their background and experience.

As part of the G15, L&Q have committed to aspirational targets for 30% of Board roles to be held by individuals from an ethnic minority background and 50% to be held by women. As at 31 March 2026, of the nine Board members in office 22% were from ethnic minority backgrounds and 44% were women.

The key management personnel of the Group consists of the Board and the Executive Group as listed at the end of this document in section 5 – other company information at the end of these Financial Statements. Changes in leadership are listed in Note 10 of these Financial Statements.

Board and Committee membership

The table opposite sets out the Board membership and attendance as at 31 March 2026, which is shown as the number of meetings attended out of the total number of meetings possible for the individual board member during the year.

Board member	Group Board	Audit & Risk Committee	Remuneration & Nomination Committee	Asset & Development Committee	Resident Experience & Influence Committee
Liam Coleman (Chair)	6/6		5/5		
Edward Farnsworth	6/6				
Fayann Simpson	6/6	6/6	5/5		4/4
Louise Brooke-Smith	5/6			4/4	
Fiona Fletcher-Smith	6/6				
Nigel Hopkins	6/6	6/6			
Raj Kumar	5/6				4/4
Maria Da Cunha	6/6		5/5		
Dominique Kent	4/6				
Other committee members					
Sarah Bundy*				4/4	
Kris Peach			5/5		
Faith Smith					3/4
Nadya Enver					4/4
Dave Bedford					3/4
Tim Shand				4/4	
Elisse Penney					3/4
James Rolton				3/4	
Raj Kambo		6/6			
Anne Turner (appointed May 2024)		6/6			
Cassie Clifford (appointed August 2025)					2/2
Gail Hutcheon (appointed August 2025)					2/2
Joshua Butt (appointed August 2025)					2/2
Nordeen Fahmy (appointed August 2025)					2/2
Retired during the year					
There were no retirements during the year. * Sarah Bundy's tenure ended 31 March 2026					

03 Group Board

Left to right, top to bottom: Liam Coleman, Fayaan Simpson, Nigel Hopkins, Maria Da Cunha, Dr. Louise Brooke-Smith, Dominique Kent, Raj Kumar, Fiona Fletcher-Smith, Ed Farnsworth.

If any Board members are unable to attend a meeting, they are encouraged to communicate their opinions and comments on the matters to be considered via the Chair or the relevant committee.

Membership of committees is drawn from both Board members of L&Q, and independent members.

Delegation

The focus of the Board is on L&Q's strategy and objectives, business plan and viability. It also has responsibility for overseeing the performance of L&Q and its activities to help L&Q deliver long-term success. The Board's Schedule of Matters Reserved by the Board lists matters that are specifically reserved for decision by our Board. In order that it can operate efficiently and give the right level of attention and consideration to relevant matters, the Board delegates certain responsibilities to Board committees.

Board committee agendas and schedules of items to be discussed at future meetings are prepared in accordance with the terms of reference of each committee and take account of a combination of standing, topical and ad hoc matters.

The four standing Board committees for the 2025/26 financial year were:

- **Audit and Risk Committee** – responsible for overseeing internal audit, external audit, the effectiveness of internal controls, monitoring and challenging management on its identification and mitigation of risk, and reviewing the Financial Statements and financial performance.
- **Remuneration and Nomination Committee** (previously known as Governance and Remuneration Committee) – responsible for advising the Board on governance, remuneration, and Board and committee succession planning and appointments.
- **Asset and Development Committee (previously known as Development Committee)** – responsible for appraising and reviewing major development and investment schemes, and sustainability.
- **Resident Experience Committee (previously known as Resident Services Board)** - responsible for monitoring and challenging operational performance in relation to quality, maintenance and repairs, customer service, satisfaction, and complaints, with a focus on compliance with the Social Housing Regulator's Consumer Standards and engaging with Neighbourhood Committees.

All Boards and committees have at least one resident member, and the Resident Experience Committee comprises up to nine residents (including the chair) and one independent board member.

At Board committee meetings, items are discussed and, as appropriate, may be endorsed, approved, or recommended to the Board, by the committee. All committees report back to the Board at each board meeting.

Day-to-day management of L&Q and its subsidiaries and delivery of the Board approved strategies are delegated to the Executive Group. The Executive members of the Board also sit on the board of individual subsidiaries where additional oversight is required by the Board.

Modern Slavery and human trafficking statement

The Group is committed to understanding modern slavery risks and ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. We take care to ensure that slavery and human trafficking does not exist in any part the Group or supply chain.

L&Q's full statement on modern slavery is available on our website.

Stakeholders

Stakeholder engagement is mostly carried out on a group wide basis, to ensure that Directors understand the views of stakeholders when making decisions and setting strategy. This includes business relationships with suppliers, residents, communities, and colleagues, amongst others. The values and behaviours upheld when engaging with stakeholders are consistent across the Group, whichever company is communicating with stakeholders.

More details can be found in the publicly available Financial Statements of the relevant subsidiary companies in the Group required to report under s172 of the Companies Act.

03 Internal control and risk management

Internal control and risk management

The Board has overall responsibility for the framework of internal control and risk management across the Group, and for reviewing its effectiveness. The framework is designed to manage and reduce, rather than eliminate, the risk of failing to achieve business objectives. It provides the Board with reasonable, and not absolute, assurance against material misstatement or loss.

The framework consists of:

1. Governance arrangements

2. Leadership structures and portfolio accountabilities

3. Risk management, controls and assurance arrangements

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1. Governance arrangements

The governance arrangements support the whole Group and are subject to regular review to ensure continuous improvement.

The Board itself sets and assures strategy, risk appetites, financial and treasury plans. Four Committees, each with prescribed terms of reference, provide Board with assurance across all the Group's activities, as follows;

- Audit and Risk Committee review and assure that internal control systems are operating effectively. They scrutinise the quarterly internal controls and assurance status reports. They oversee the internal audit programme, liaise with external auditors, and review the outcomes of the audit programme overall. They oversee the process to ensure outcomes from the assurance and audit programme is effective in identifying and implementing measures to mitigate gaps in controls. This is a delegated authority on behalf of Group Board.
- Resident Experience Committee review and assure that residents are able to contribute to high-level strategic decision making and that resident views have been sought and taken into account on relevant policy and service delivery issues. They take a lead on monitoring compliance with the Regulator of Social Housing (RSH) Consumer Standards and report on performance annually to Board.
- Asset and Development Committee review and assure major development and investment decisions, including new projects, housing products, stock transfers, joint ventures, and disposals. They oversee investment in existing homes, ensuring compliance and quality, and monitors alignment with net zero and sustainability goals.
- Remuneration and Nomination Committee review and assure organisational governance standards and effectiveness. They also provide input and guidance on remuneration, culture, diversity, and inclusion.
- Underpinning and broadly mirroring the Board Committees, internal governance groups oversee and assure performance against our business plans and control of the Transformation and Change portfolio. There is a clear and defined escalation path between governance groups and committees, as prescribed by their terms of reference.
- In 2025 we commissioned a governance review, bought forward to address part of the outcome of the RSH inspection, which assessed and regraded our governance arrangements from G1 to G2. Building on this, we are implementing changes to our governance arrangements during 2026/27 to strengthen and demonstrate continuous improvement in Board effectiveness and governance. This will support the journey back a G1 rating.

2. Leadership structures and portfolio accountabilities

A defined organisational leadership structure is in place, with any change managed and controlled through our structured change governance process. Clear and prescribed accountabilities across all business activities (referred to as 'portfolio accountabilities') are aligned with leadership structures to ensure a single, explicit point of ownership and leadership for each aspect of our business operations.

3. Risk management, controls and assurance arrangements

The risk management approach operates on two levels. Our strategic risks and associated risk appetites are reset annually in line with our strategic priorities in the context of our internal and external operating environment. These appetites provide guardrails to enable risk-based decision making that supports the delivery of our corporate strategy.

At an operational level, risks are identified by leaders in line with their portfolio accountabilities. In this context, leaders are responsible for identifying current and emerging legislation and regulation, along with associated risks. In turn, they use the insight on risk, compliance requirements and business objectives to identify, assure and continuously enhance controls to manage risks effectively.

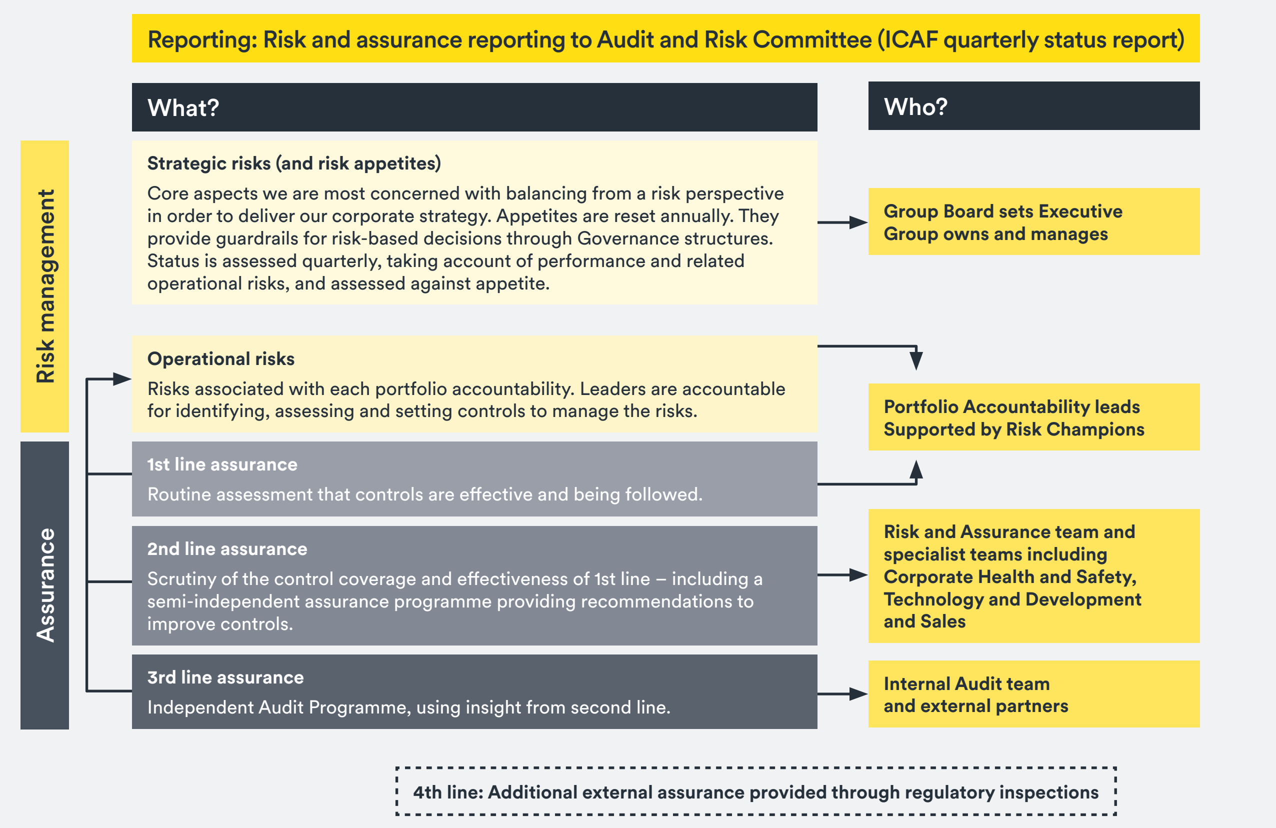
Quarterly 'internal controls and assurance' status reporting (an Internal Controls and Assurance status report) sets out the status of each strategic risk and the effectiveness of controls with assurance provided at first, second and third lines. Timelines to return to risk appetite are provided where appropriate. It also sets out the related operational risks, and provides information and assurance on the effectiveness of controls to mitigate and manage these. The report additionally sets out external regulatory activity including that related to the Regulator of Social Housing, the Financial Conduct Authority and the Housing Ombudsman, as well as internal governance reports and checks completed to assure compliance with regulatory reporting requirements. The data and information within this report is reviewed and scrutinised quarterly through governance arrangements including Audit and Risk Committee, with assurance provided to Board. Audit and Risk Committee also receive the annual report from the Director of Internal Audit and report its findings to the Board.

Additionally, Group Board receive six monthly Risk and Assurance summary updates and review the fourth and final quarterly version of the Internal Controls and Assurance status report as part of an annual review of the overall effectiveness of controls.

Our overall approach is set out in diagram 1 below. In 2026/27 we will be reviewing and resetting our risk and assurance framework, strengthening and standardising our approach, reflecting learnings including those from audit findings and from the recent review of our governance arrangements.

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2026, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss, which require disclosure in the financial statements.

Risk and Assurance framework



Item B - Risk Statement

Group Board has overall responsibility for overseeing our approach to risk management and strategy. They also set our strategic risk appetites, which we use to guide our governance and decision making as an organisation. Our strategic risks are the core aspects across our organisation that we're most focused on balancing in order to support the delivery of our strategic objectives. They are identified and reviewed annually with Group Board, taking account of our internal and the external operating environments, also informed by our operational risk status across the whole Group. We set appetites for each of our strategic risks annually, setting out where we're least and most willing to accept risk as an organisation, and which measurements we'll use to assess our risk status.

Where we are operating above our risk appetite, we use our quarterly Internal Controls and Assurance reporting to Audit and Risk Committee to set out what we are doing to address the risk and the anticipated timeframes for bringing the risks within appetite, giving assurance to Group Board.

Figure 1 below shows our strategic risks, and their risk status at the end of 2025/26. Figure 1 shows our strategic risks, and their risk status at the end of 2025/26. Overall, our strategic risk position improved during the year, with only the Asset Condition and Organisational Governance and Control risks remaining above risk appetite at the year end. However, following the implementation of the new finance system from April 2025, we experienced increased operational risk related to financial reporting. This was due to greater process complexity and reliance on manual controls. As a result, the Financial Control and Resilience strategic risk increased in early 2026/27. Additional resources and mitigating actions were implemented to address these risks in both the short and longer term.

To support the delivery of the new corporate strategy, the risks were refreshed for 2026/27 with new risk appetites set and, in many cases, lowered. The key factors driving current risk positions, along with explanations of the movements over the year and anticipated changes for 2026/27 are set out in Figure 2. We have the lowest risk appetite for Health and Building Safety and Asset Condition risk. In contrast, we have highest risk appetite for Growth and Environment and Climate Change risks. This means that, whilst all these areas are important for the delivery of our corporate strategy, if we need to reprioritise resources, we will prioritise investment in our existing homes and services over growth, and environment and climate change activities.

Evidence of our effectiveness in balancing these risks can be observed through our end of 2025/26 performance on our balanced scorecard KPIs, which shows a stabilised or even improving picture in asset and customer related matters, alongside robust financial performance. Commentary on how we are managing each of the strategic risks is set out below in Figure 1.

Figure 1: Strategic Risk Map showing risk status at 31 March 2026

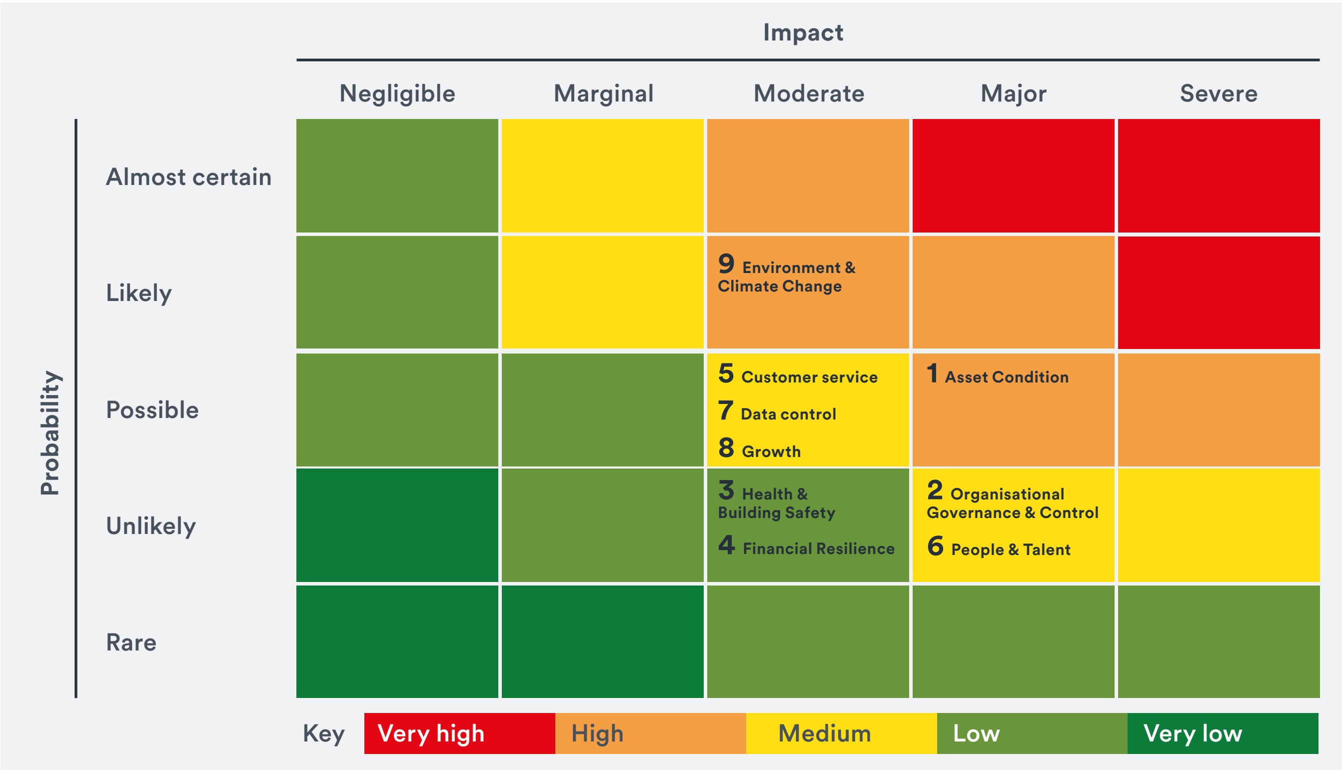


Figure 2: Strategic risks and commentaries, presented to show from the top those most above risk appetite at the end of 2025/26

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27	24/25	25/26	26/27
1. Asset Condition: Failure to repair and maintain our homes and estates, and/or to do so in a way that enables best overall value for money resulting in poor condition of homes and estates, customer dissatisfaction and complaints, and regulatory and stakeholder interventions.	We are committed to providing safe, quality homes, providing a strong foundation for resident health and well-being. This continues to be a priority through the 2026-31 strategy period. We do this through the delivery of our long-term asset investment programme. We are currently in the fourth year of a 15 year programme which is improving the safety and quality of residents' homes. This investment supports compliance with key legislation including the Decent Homes Standard, energy efficiency requirements, and building and fire safety legislation. To date we have improved over 21,500 homes and in 2026/27 expect to invest or deliver a further 11,000 improvements, ensuring homes are warm, dry and secure. Future planning for our asset investment programme is informed by our rolling stock condition survey programme which enables comprehensive understanding of our assets. In 2025/26 we're in line with plans, and compliance with decency standards remains high. We have now surveyed 90% of our stock, with the improved insight supporting even better-informed planning for asset investment in this and future years. There is a risk that intrusive surveys to assess building safety, identify significant works required that were not previously anticipated, adding pressures to the delivery of the plans overall. As such we will consider this in future assessments of our overall risk in this space. We retain a low appetite for Asset Condition risk, and at the present time, we anticipate that combined, these efforts will reduce our risk status to 'medium' in 2026/27 and move us to within our 'low' risk appetite during the course of 2027/28.	Appetite Status			

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27	24/25	25/26	26/27
2. Organisational Governance and Control: Failure of our governance structures and arrangements to direct and effectively control delivery and change in line with our strategic objectives, business design and our target operating model, and/or failure to provide adequate assurance on these arrangements, leading to inefficiency, delays or complete failure to deliver our strategy and/or comply with our regulatory requirements	We are committed to delivering Our Future Shape corporate strategy, building on the progress made during the previous five-year strategy period. The strategy is underpinned by our refined purpose: “To provide social homes and landlord services everyone can be proud of.” This risk relates to and is underpinned by two primary mechanisms to support delivery of the corporate strategy: (1) governance arrangements, and (2) delivery of our organisational operating model, including associated improvements to efficiency and performance. On governance, a review of our arrangements was completed at the end of 2025/26, and an action plan is in place to support a return to a G1 regulatory rating by the end of 2026/27, subject to the Regulator’s timetable for reinspection. This plan includes the design and implementation of a new Board and Board Committee structure. Over the five-year strategy period, further focus will be on strengthening governance and decision-making, alongside improving resident involvement and democratic engagement. On the realisation of the Group target operating model and the linked strengthening of control mechanisms to mitigate business risk, these are dependent on the successful execution of our Transformation and Change (T&C) portfolio. As a result, any movement back within risk appetite will be incremental and achieved over a multi-year trajectory. In the meantime, we retain a low appetite for Organisational Governance and Control risk, and expect, as outlined above, to achieve incremental steps towards this low appetite over the course of the strategy period.	Appetite	🟢	🟢	🟢
		Status	🟡	🟡	

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27	24/25	25/26	26/27
3. Health and Building Safety: Failure to effectively manage the safety of our residents, colleagues, suppliers or members of the public, causing harm, reputational damage and regulatory intervention.	Safety is our number one priority, and the plans supporting our new corporate strategy are designed to ensure that this translates in to well managed risks. As part of this, we take a risk-based approach to decision making, ensuring we understand the implications of any operational decision on health and safety risk. We have a robust health and safety performance framework, setting out requirements, monitoring compliance and ensuring action plans are in place to address any gaps across our business operations. We reduced our risk status from ‘medium’ back to ‘low’ and within our risk appetite during 2025/26. In terms of fire and building safety, the high density, high rise nature of our housing means we have a large number of compliance requirements, which we are actively working to meet. During our last strategy period, we completed building safety inspections across 32,000 homes in around 2,000 buildings and remediated over half of those identified as high risk. Around 40 high risk buildings still require physical remediation, and we expect increasing challenges in delivering the programme and meeting compliance requirements. In the meantime, interim safety measures remain in place to protect residents. We anticipate that most buildings will be remediated in line with the Homes England plan by the end of 2029. We retain a low appetite for Health and Building Safety risk.	Appetite	🟢	🟢	🟢
		Status	🟡	🟢	

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27			
4. Financial Resilience: Inability to provide sufficient financial control results in loss of financial resilience, restricting or limiting our ability to fulfil our vision, purpose and corporate strategy.	We completed the 2025/26 financial year in a strong overall position, driven by two key factors: a reduction in our debt position, supported by the transfer of 3,500 homes in South Buckinghamshire to another housing association, and the approval of a new long-term financial plan. As a result, our risk status was reduced from 'medium' to 'low', slightly ahead of forecast. The 2026/27 budget and the long-term financial plan supports the delivery of our new corporate strategy and focuses on improving residents' homes, strengthening services, and delivering new social housing while maintaining financial resilience. It prioritises increased investment in systems, processes, and service quality to drive long-term efficiency and value. The approach shifts away from reliance on large-scale asset sales towards a more stable, long-term investment in homes, supported by a clear asset plan. Despite a challenging external environment, the plan remains financially strong and sustainable, with good liquidity and flexibility, including planned debt reduction. Overall, it balances investment, service improvement, and financial discipline to deliver better outcomes for residents and communities over the long term. Within this context, in line with organisations globally, we are assessing emerging external risks over the coming year. In particular, the ongoing war in the Middle East is expected to contribute to rising fuel costs and supply chain disruption, increasing costs overall. These pressures may affect the delivery of our asset investment programme, as well as residents' ability to pay rent and service charges; we are closely monitoring these impacts in order to ensure we are well positioned to mitigate risk in line with our organisational appetite. In the meantime, we retain a low appetite for Financial Resilience risk.		24/25	25/26	26/27
		Appetite	●	●	●
		Status	●	●	

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27			
5. Customer Service: Failure to provide reliable, repeatable and consistent services to residents (with tailored support to customers who need us most), leading to customer dissatisfaction, complaints, reputational damage, legal, regulatory and stakeholder interventions.	We remain committed to providing reliable, repeatable, consistent and easy-to-use services that meet residents' needs and provide predictable, positive results. 'Providing good landlord services' is one of the three central commitments in the new corporate strategy. During 2025/26, we significantly improved controls and strengthened performance and customer outcomes in relation to complaints handling and anti-social behaviour, bringing our risk status from 'high to 'medium' and back within appetite earlier than anticipated. Looking ahead, we will focus on embedding a clearly defined service offer which will set customer expectations and drive accountability. Alongside this our transformation programme will redesign key customer journeys and strengthen operational delivery. This will be supported by improved data and insight, which will include the use of customer journey analytics and conversational intelligence, to help us understand resident needs, manage dissatisfaction proactively and embed continuous improvement. Targeted activity will also improve service equity, enhance support for residents with additional needs and strengthen partnership working. These things will further mitigate risks in these areas. A continued focus on early intervention will help reduce downstream pressures including through tackling anti-social behaviour on estates and strengthening financial inclusion to help sustain tenancies. In 2026 our Customer Service risk has been reframed as 'Service Delivery'. We have a medium appetite for Service Delivery risk.		24/25	25/26	26/27
		Appetite	●	●	●
		Status	●	●	

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27			
			24/25	25/26	26/27
6. People and Talent: Failure to attract, retain and develop the people and talent we need to lead and deliver our corporate strategy, and failure to maintain an engaged, values led and high performing workforce, impacting our ability to deliver on our strategic and operational objectives.	Our people are central to the delivery of our new corporate strategy and we are committed to building and maintaining a strong, values-driven organisation with people at its core. We are focused on fostering an engaged, inclusive, and high-performing workforce, where colleagues feel valued, aligned to our purpose, and supported to reach their full potential. Alongside this, we aim to become an employer of choice through a clear and consistent colleague experience, while driving efficiency through agile ways of working and a collaborative culture. Underpinning all of this is a commitment to strengthening leadership capability and professional skills, to support the delivery our strategy. To support this ambition, we offer a broad range of benefits and support to attract and retain and develop talent -from flexible working arrangements to financial well-being coaching. This is complemented by a robust learning and development framework and a comprehensive performance management approach. We use data and insight, including colleague wellbeing and engagement surveys, to track progress and inform continuous improvement. At the end of 2025/26 we introduced refreshed and simplified values, now embedded in our performance framework and recognition schemes. We also strengthened leadership capability through a focus on systems thinking, supporting the effective delivery of change in ways of working and delivery of our target operating model. We continue to support colleagues in managing risks associated with organisational change, including work-related stress and attrition. This includes targeted support for managers leading change and clear signposting to resources for colleagues affected. At the end of 2025/26 we were within our medium risk appetite in this space. However, reflecting the critical dependency on leadership and culture in achieving our strategic objectives, and linked, the need to stretch ourselves in this space further, we have reset this risk appetite. We have a low appetite for People and Talent risk.	Appetite	●	●	●
		Status	●	●	

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27			
			24/25	25/26	26/27
7. Data Control: Failure to ensure quality and integrity of data and/or to prevent loss and/or disclosure, resulting in ineffective business decisions and/or breach of information putting residents, colleagues or partners at personal risk, legal and regulatory repercussions, financial penalties and reputational damage.	We are committed to ensuring our data is accurately captured, managed and used to enable reliable, repeatable and consistent service delivery, and support effective business decision-making. This is underpinned by the continued embedding of a robust data governance framework, with clear ownership, defined roles and performance metrics to drive improvements in data quality. We are strengthening our data architecture to improve connectivity across systems and ensure high-quality, accessible data that supports efficient operations and trusted insight, while fostering a culture of ethical and informed data use. Our cyber and information security controls remain robust and continue to evolve in response to an increasingly complex threat landscape, including risks associated with the growing use of artificial intelligence. We are investing in enhanced controls, monitoring, training and AI-enabled capabilities to maintain the resilience and security of our data, systems and services. A comprehensive assurance programme underpins this approach, including colleague training, awareness activities and routine testing such as phishing simulations, with insights used to continuously improve our control environment. Looking ahead to 2026/27, Data Control risk has been split into two distinct areas: 1) Data and Information Security, and 2) Data Quality and Governance. Recognising the significant impact of each for the delivery of our corporate strategy, we have also reset our risk appetites for both these aspects. And as such, we have a low appetite for both Data Information Security and Data Quality and Governance risk. On this point, we are making positive progress, but we recognise that achieving and sustaining a 'low' risk status for information security remains challenging in the current external threat environment, and as such, we are not forecasting an ability to move within appetite within 2026/27, but that continued focus on all of the many interventions in architecture as well as organisational behaviour mean we will reassess this in 2027/28. In terms of strengthening data quality and governance, this continues to be a major focus in this strategy period, with the expectation of being able to move to without our low appetite status by the end of the period.	Appetite	●	●	●
		Status	●	●	

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27			
			24/25	25/26	26/27
8. Growth: Failure to develop and regenerate quality affordable homes within Greater London and Greater Manchester in line with our strategic priorities resulting in reduced contribution to the affordable homes crisis, associated reputational damage, reduced future income, and impacting our ability to influence the housing sector and investors.	We remain one of the largest developing associations, continuing to deliver new homes across our core geographies of Greater London and Greater Manchester. As with previous years in the last strategy period, we maintained a 'high' risk appetite in 2025/26, reflecting our decision to prioritise investment in existing homes and strengthening financial resilience over growth. Despite this, we delivered against our (relatively conservative compared with previous strategy periods) targets for new home starts and handovers. As a result, we were able to manage this risk status at a 'medium' level, demonstrating strong financial and operational performance across the Group. This enabled us to balance competing priorities effectively whilst still achieving planned growth. Looking ahead, in line with our new corporate strategy, we remain committed to develop and to contribute to meeting the need for social homes, but again, within clearly defined quality, geography and financial parameters to ensure this does not impact our ability to manage, maintain and invest in our existing homes. We will also continue to explore opportunities to enhance capacity, including through partnerships and acquisitions, where these align to our operating model and do not introduce disproportionate risk. Going forwards, we retain a high appetite for growth risk. This means that, whilst growth is important for the delivery of our corporate strategy, if we need to reprioritise resources, we will prioritise investment in our existing homes and services over growth activities.	Appetite			
		Status			

Strategic risk	Strategic risk commentary	Risk Appetite and Risk Status 2024/5 - 2026/27			
			24/25	25/26	26/27
9. Environment and Climate Change: Failure to plan for and meet L&Q's net zero carbon emissions targets by 2050, and failure to plan for and take reasonable precautions to protect our residents and our assets from the effects of climate change, resulting in financial losses and increased costs, regulatory non-compliance, stranded assets, and disruption and negative outcomes for residents	We remain committed to contributing to the 2050 net zero target, and to improve the efficiency of our homes to EPC C by 2030. However, through the setting of our risk appetite in this area we have previously and continue to signal a need to act with constraint in terms of financial and operational commitment to the environment and climate change agenda in the short to mid-term. That said, following the Government's announcement that social homes will be expected to meet Minimum Energy Efficiency Standards (MEES) by 2030, the risk status was increased to 'high'. During 2026/27, informed by new guidance in this space, we will undertake analysis of current compliance and the avenues to reach compliance by 2030, and will revisit our risk status with this knowledge In the meantime, some specific initiatives planned for 2026/27 include the development of a fuel poverty policy, outlining our commitment to supporting residents to improving energy affordability, and where cost-effective, aiming to purchase 100% renewable energy for communal areas of our estates. Further, following the completion of a pilot, we will agree plans to transition our maintenance and caretaking fleets to electric vehicles in line with the phase-out of petrol and diesel by 2035 . In summary, our plans set out our priorities to reduce the climate impact of our operations and climate impacts for residents and homes. However, we have set a high appetite for risk in this space, which means that, if we need to reprioritise efforts organisationally, we will prioritise investment in our existing homes and services over activities to manage Environment and Climate Change risk.	Appetite			
		Status			

03 Audit and Risk Committee

Throughout the financial year, the Audit and Risk Committee members met six times as part of the work of the committee in discharging its responsibilities.

The committee discussed with the external auditors the adequacy, nature, and scope of the annual financial audit plan, including reviewing and agreeing the engagement letter issued by the external auditor at the outset of the Group audit, assuring itself that the external auditor has the fullest co-operation of staff and to oversee the satisfactory completion of the annual external audit process. The committee has also considered all relevant reports by the external auditor and by regulatory authorities and the findings of the external auditor in the course of its work, and the adequacy of management's responses.

The committee has reviewed and monitored the external auditor's independence, judgement and robustness in handling key decisions, objectivity, and the effectiveness of the audit process and particularly in respect of safeguards established to mitigate threats to its independence.

Significant financial statement areas considered during the year

In respect of significant issues that the committee considered in relation to the financial statements, and to monitor the integrity of the financial statements, a detailed report was presented to the committee and discussions were held to ensure members' understanding of the issues, and the potential impact on the presentation of the financial statements. These were discussed in sufficient detail with our external auditors to ensure resolution of any issues was in line with auditing standards and accounting requirements. Matters of significant importance and risk to the Group financial statements audit were agreed by the committee.

Estimation of the recoverable amount of fixed asset housing properties under the course of construction

The committee has considered the recoverable amount from fixed asset properties under construction and gains confidence from the supporting work of the Development Committee and Investment Property Group, which oversees all major development and investment schemes including joint ventures undertaken by the Group.

For fixed assets under construction, a report was presented to the committee detailing the approach and methodology in making judgements, sensitivities to the assumptions applied and the outcome of the assessment of impairment detailing specific schemes that were considered to be impaired.

Land and properties for sale, work in progress relating to current assets

The committee has considered the risk of impairment of properties for sale as well as work in progress in current assets and gains confidence from the supporting work of the Development Committee and Investment Property Group, which oversees all major development and investment schemes including joint ventures undertaken by the Group.

Any land available for sale is most susceptible to changes in circumstances that could lead to the net realisable value falling below carrying value at a Group level given these are currently held at fair value on acquisition. The committee is provided updates on land sales performance separate from property sales and joint ventures. This ensures that these asset classes are treated and assessed separately in terms of performance and for impairment testing purposes.

For work in progress relating to current assets, a report was presented to the committee detailing the approach and methodology, sensitivities to the assumptions applied and the outcome of the assessment of impairment detailing specific schemes that were considered to be impaired.

Viability statement

L&Q's current viability rating of 'V2' during the last Regulatory Inspection recognised that L&Q manage financial viability well, but reflected increased economic pressures faced by housing associations. This judgement should be viewed as confirmation to residents, investors, partners, and other stakeholders that the Group's ambitions remain anchored by sound financial management and a robust approach to risk management, business planning and stress testing. The ratings are also an external validation that our Board has an integral role to the business and that a highly effective governance structure is in place across the organisation. The Regulator reviews L&Q's ratings on a regular basis through submitted data and inspections, with the latest inspection completed in 2025 confirming our compliant 'V2' rating.

The Board has assessed the viability of the Group over a five-year period. The Board's assessment is also supported by the longer 30 year financial forecast shared annually with the Regulator and the annual review of the adequacy of resources available to the Group to prepare the financial statements on a going concern basis.

The Board approves the Group financial plan twice a year and its output which is submitted annually to the Regulator in the form of a Financial Forecast Return. The Board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants, thus confirming the future viability of the Group.

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The Group has considerable financial resources together with long term cash generating assets. Consequently, the Board believe that the Group is well placed to manage its business risks successfully. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

No material uncertainties related to events or conditions that may cause significant doubt about the ability of the L&Q Group (defined as London & Quadrant Housing Trust and its subsidiaries) to continue as a going concern have been identified by key management personnel after taking into account the relevant facts and circumstances.

Our positive viability statement is supported by documented evidence in the form of a Board approved Treasury Strategy that addresses liquidity risk, refinancing risk, projected covenant performance, credit and regulatory ratings, viability review and access to funding. L&Q's Group insurance policy covers full reinstatement value of £24 billion (2025: £19 billion). Our forecasting and budgeting processes are long established and use proven techniques where critical assumptions are subject to independent challenge and stringent sensitivity analysis. In addition, the Group has put in place a stress test recovery planning process in the event there is a forecast covenant breach.

The Board has considered L&Q's exposure to contingent liabilities and the potential source of cash outflows during the review period relating to legal proceedings, guarantees, margin or other credit support provisions under derivative contracts and product liability.

The Board can also confirm that it has complied in all material respects with the Governance and Financial Viability Standard set out by the Regulator of Social Housing as evidenced through our annual compliance regime. Through the adoption of the previous five-year corporate strategy ending in March 2026, and our new corporate strategy Our Future Shape 2026-31, the Group can evidence clear strategic direction with targets set which are challenging and stretching and monitored on an ongoing basis.

Governance oversight is clear through our reporting framework and covers risk around financial investment and protection of social housing assets.

03 Statement of responsibilities of the Board in respect of the Board's report and the financial statements

The Board is responsible for preparing the report of the Board and the Group and Parent association financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs and the income and expenditure of the Group and the Parent association for that period.

In preparing each of the Group and Parent association financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Group and Parent association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or Parent association or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Parent association and to prevent and detect fraud and other irregularities.

Financial statements are published on L&Q's website in accordance with UK legislation governing the preparation and dissemination of financial statements. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

As referred to in the Viability Statement, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and for this reason has continued to adopt the going concern basis in preparing the Group's financial statements.

Statement of compliance

The Strategic Report has been prepared in accordance with applicable reporting standards and legislation. The Board can also confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

Provision of information to the auditor

All of the current Board members have taken the steps that they ought to have taken to ensure they are aware of any information needed by the Group's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The Board members are not aware of any relevant audit information of which the auditor is not aware.

By order of the Board

Liam Coleman
Group Chair

21 September 2026

04

Financial Statements

2025/2026

1. Our opinion is unmodified

We have audited the financial statements of London & Quadrant Housing Trust ("the Association") for the year ended 31 March 2026 which comprise the Group and Association Statements of Comprehensive Income, Group and Association Statements of Financial Position, Group and Association Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- Give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Group and the Association as at 31 March 2026 and of the income and expenditure of the Group and the Association for the year then ended;
- Comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- Have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Board on 1 March 2013. The period of total uninterrupted engagement is for the 14 financial years ended 31 March 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole		£10.2m (2025: £10.8m) 0.99% (2025: 1%) of Group total revenue
Key audit matters		**vs 2025**
Recurring risks	Estimation of the recoverable amount of Fixed Asset Housing Properties under the course of Construction	
	Estimation of net realisable value of stock and work in progress	

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2025), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Fixed Asset – Housing Properties under the course of construction **(Group and Association)** (Fixed Asset – Housing Properties under the course of construction £425 million (net of impairment of £32 million); 2025: £639 million – (net of impairment of £89 million)) Refer to page 86 (Audit and Risk Committee Report), note 2 and note 12 (accounting policy) and note 12 (financial disclosures).	**Estimation of the recoverable amount of Fixed Asset Housing Properties under the course of Construction** The Group and Association holds social housing under the course of development at historic cost under Section 17 of FRS102 and Chapter 8 of the Social Housing SORP. In line with Section 27 of FRS102 and Chapter 14 of the Social Housing SORP the Group has undertaken an annual review to identify any indication of impairment. The Group has assessed that an indicator of impairment exists due to an increase in market interest rates and the material affect of these increases on the discount rate in calculating the value in use for schemes in the course of construction. This indicator of impairment existed for all schemes within the Group and Association's Fixed Asset –Housing Properties under the course of construction. The Group's principal valuation of the recoverable amount is the higher of (i) the value in use, calculated using discounted cashflow models, or (ii) value in use in respect of assets held for their service potential, calculated as the depreciated replacement cost methodology. Auditor judgement is required in assessing the assumptions underpinnings both valuation approaches. However, the key area of estimation uncertainty relates to the discounted cash flow model, particularly the discount rate and build cost assumptions used in determining the recoverable amount of schemes under construction. The effect of these matters is that, as part of our risk assessment, we determined that the calculation of the recoverable amount of Fixed Asset – Housing Properties under the course of construction using discounted cash flow models has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 12) disclose the sensitivity estimated by the Group.	**Our procedures included:** We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. - **Benchmarking assumptions:** We challenged the key inputs used in the calculation of the discount rates used by the Group, including comparisons with external data sources and comparator data used by the Group. - **Sensitivity analysis:** We performed sensitivity analysis over the build cost assumptions including the level of costs already procured and contracted and considered the outcomes. - **Reperform:** We recalculated the Group's calculations to determine whether impairment losses have been allocated and recorded correctly. - **Assessing transparency:** We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the valuation. **Our results** - We found the carrying amount of the Group's and the Association's Fixed Asset – Housing Properties under the course of construction to be acceptable. (2025: acceptable)

	The risk	Our response
Land and properties for sale and work in progress in current assets **(Group and Association)** (Land and properties for sale and work in progress £172 million (net of impairment of £4 million); 2025: £271 million (net of impairment of £19 million) Refer to page 86 (Audit and Risk Committee Report), note 2 and note 15 (accounting policy) and note 15 (financial disclosures).	**Estimation of net realisable value of stock and work in progress** Stock and work in progress is required to be held at the lower of cost and net realisable value. In order to assess the net realisable value of property held in stock and work in progress, the Group prepared site appraisals which include forecast revenue and costs and provide an indication of the recoverability of property held in stock and work in progress. Site appraisals include a number of judgements that could have a significant effect on the net realisable value of the property. The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of stock and work in progress has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our procedures included:** Inspection of the Group's impairment assessment and cashflow forecasts and performing the following procedures: - **Enquiry and Board paper review:** We inspected Board papers to assess any potential site impairment indicators. The following three procedures were performed for schemes with a greater risk of a material misstatement: - **Reperformance:** We checked the mathematical accuracy of valuation models for schemes. - **Benchmarking assumptions:** We assessed the rationale for forecasted sales prices and consideration of sales conditions within the geographical area with reference to market data. - **Sensitivity analysis:** We performed sensitivity analysis over the key assumptions, including build costs and considered the outcomes. **Our results** - We found the carrying amount of the Group's and the Association's land and properties for sale and work in progress to be acceptable (2025: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £10.2m (2025: £10.8m), determined with reference to a benchmark of Group total revenue, of which it represents 0.99% (2025: 1%).

Materiality for the Association financial statements as a whole was set at £9.0m (2025: £9.4m), determined with reference to a benchmark of total revenue, of which it represents 1% (2025: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2025: 75%) of materiality for the financial statements as a whole, which equates to £6.63m (2025: £8.1m) for the Group and £5.85m (2025: £7.05m) for the Association. We applied this percentage in our determination of performance materiality based on the changes in the control environment during the period following a change of General Ledger.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.51m (2025: £0.54m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

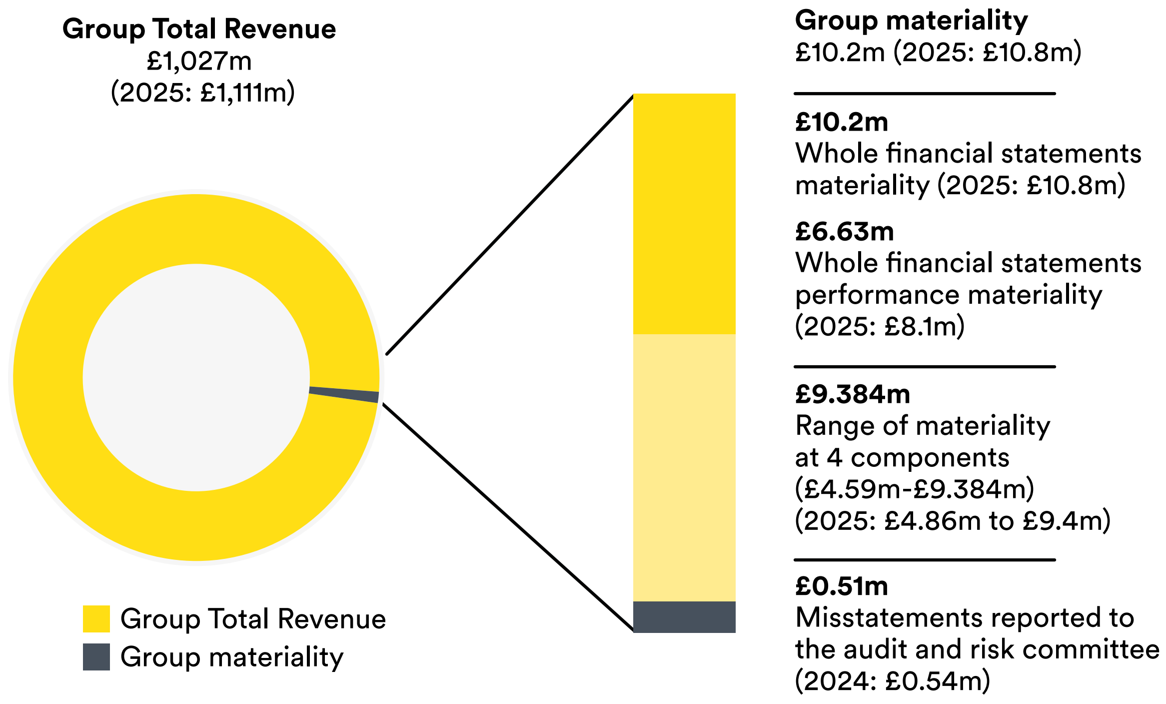
In total, we identified 9 (2025: 9) components, having considered our evaluation of the Group's operational structure, the Group's legal structure, the existence of common information systems, the existence of common risk profile across entities/business units, the presence of key audit matters and our ability to perform audit procedures centrally.

Of those, we identified 2 (2025: 2) quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified 1 (2025: 1) component as requiring special audit consideration, owing to Group risk relating to stock and work in progress residing in the component.

Additionally, we selected 1 (2025: 1) component with accounts contributing to the specific risks to the Group financial statements.

Accordingly, we performed audit procedures on 4 (2025: 4) components. We involved component auditors on 1 (2025: 1) component.



We set the component materialities, ranging from £4.59m to £9.384m (2025: £4.86m to £9.4m), having regard to size and risk profile.

Our audit procedures covered 93% (2025: 89%) of Group revenue.

We performed audit procedures in relation to components that accounted for 76% (2025: 60%) of Group Surplus before tax and 99% (2025: 99%) of Group total assets.

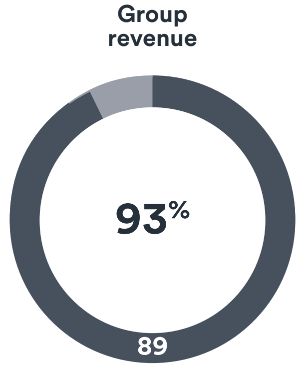
The Group auditor performed the audit of the parent Association.

Group auditor oversight

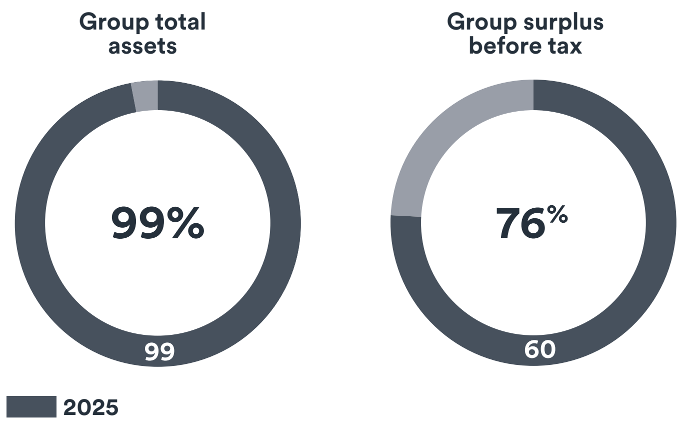
In working with component auditors, we:

- Included the component auditor’s engagement director and manager in the Group planning discussions to facilitate inputs from component auditors in the identification of matters relevant to the Group audit.
- Issued Group audit instructions to component auditor on the scope and nature of their work.
- Met with the component auditor in person as the audit progressed to understand and evaluate their work. At these meetings, the results of further audit procedures communicated to us were discussed in more detail and any further work required by us was then performed by the component auditor.
- We inspected the work performed by the component auditor for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on Investment Properties.

Our audit procedures covered the following percentage of Group revenue:



We performed audit procedures in relation to components that accounted for the following percentages of Group surplus before tax and Group total assets:



4. Going concern

The Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group’s and Association’s financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group’s and Association’s available financial resources and/or metrics relevant to debt covenants over this period were:

- Reduction in value of properties for sale,
- Increase in cost of maintenance and asset investment and;
- The PRS Co Ltd sale not materialising.

The PRS Co Ltd sale materialised in June 2026, so that risk was removed. For the remaining risks we considered whether these could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group’s and Association’s financial forecasts.

We consider whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Board’s assessment of going concern.

Our conclusions based on this work:

- We consider that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Board’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group’s or Association's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 2 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the audit and risk committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading the Board and the audit and risk committee minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex nature of material revenue streams and the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls. We also performed procedures including:

- Identifying journal entries to test for all quantitatively significant components and component requiring special audit consideration based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by user in a senior management position, those posted to seldom used accounts and unusual journal pairings posted to cash, borrowings and turnover.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety (including related fire safety and building standards), anti-bribery and employment law. Auditing standards limit the required audit procedures to identify noncompliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Board is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Board's responsibilities

As explained more fully in their statement set out on page [A], the Association's Board is responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, for our audit work, for this report, or for the opinions we have formed.

Emma Larcombe

Emma Larcombe

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

20 Station Road
Cambridge,
CB1 2JD

22 September 2026

04 Statement of comprehensive income for the year ended 31 March 2026

	Note	Group 2026 2026 £m	Group Continued Operations 2025 Restated* £m	Group Discontinued Operations 2025 £m	Group Total 2025 2025 Restated* £m
Turnover	3a	**1,027**	1,102	9	1,111
Cost of sales	3a	**(127)**	(178)	-	(178)
Operating costs	3a	**(725)**	(660)	(3)	(663)
Surplus on disposal of fixed assets and investments	6	**173**	149	-	149
Share of profits from joint ventures	14a	**(18)**	(10)	-	(10)
Change in value of investment property	14c	**(85)**	(42)	-	(42)
Operating surplus	5	**245**	361	6	367
Interest receivable and similar income	7	**5**	7	-	7
Interest payable and similar charges	8a	**(212)**	(229)	(1)	(230)
Other finance income/(costs)	8b	**(5)**	(6)	-	(6)
Disposal of business interest	33	**-**	-	(120)	(120)
Surplus/(loss) on ordinary activities before tax		**33**	133	(115)	18
Tax on surplus on ordinary activities	11	**11**	5	-	5
Surplus/(loss) for the year		**44**	138	(115)	23
Other comprehensive income					
Actuarial gain/(loss) on pension schemes	9	**3**	-	-	-
Total comprehensive income/(loss) for the year		**47**	138	(115)	23

*Restated - see note 34 for further details

The accompanying notes form part of these financial statements.

	Note	LQHT 2026 £m	LQHT 2025 *Restated £m
Turnover	3a	903	**960**
Cost of sales	3a	(89)	**(120)**
Operating costs	3a	(689)	**(623)**
Surplus on disposal of fixed assets and investments	6	176	**150**
Share of profits from joint ventures	14a	-	**-**
Change in value of investment property	14c	-	**1**
Operating surplus	5	**301**	**368**
Gift aid received		18	**20**
Interest receivable and similar income	7	38	**44**
Interest payable and similar charges	8a	(203)	**(222)**
Other finance costs	8b	(30)	**(11)**
Disposal of business interest	33	-	**(236)**
(Loss)/surplus on ordinary activities before tax		124	**(37)**
Tax on surplus on ordinary activities	11	-	**-**
Surplus/(loss) for the year		124	**(37)**
Other comprehensive income			
Actuarial gain/(loss) on pension schemes	9	3	**-**
Total comprehensive income for the year		127	(37)

* See note 34 for more details on restatement.

The accompanying notes form part of these financial statements.

Statement of financial position for the year ended 31 March 2026

	Note	Group 2026 £m	Group 2025 Restated* £m	LQHT 2026 £m	LQHT 2025 Restated* £m
Fixed assets					
Housing properties	12	**11,623**	11,758	**11,286**	11,424
Other tangible fixed assets	13a	**35**	36	**32**	33
Intangible assets	13b	**58**	57	**55**	55
Equity investment in subsidiaries	14e	**-**	-	**805**	805
Investments - jointly controlled entities	14a	**190**	242	**-**	-
Investments - HomeBuy equity loans	14b	**74**	78	**75**	78
Investment properties	14c	**1,117**	1,178	**16**	16
Investments - Real Lettings property fund	14d	**3**	3	**3**	3
		13,100	13,352	**12,272**	12,414
Net pension assets	9	**5**	3	**5**	3
Debtors due after more than one year	16a	**70**	69	**593**	625
Current assets					
Land and properties for sale and work in progress	15	**172**	271	**102**	190
Debtors	16b	**216**	197	**164**	212
Cash and cash equivalents	17	**72**	98	**38**	71
		460	566	**304**	473
Creditors: amounts falling due within one year	18	**(1,294)**	(448)	**(1,067)**	(459)
Net current assets /(liabilities)		**(834)**	118	**(763)**	14
Total assets less current liabilities		**12,341**	13,542	**12,107**	13,056

	Note	Group 2026 £m	Group 2025 Restated* £m	LQHT 2026 £m	LQHT 2025 Restated* £m
Creditors: amounts falling due after more than one year	19	**(4,424)**	(5,682)	**(4,230)**	(5,309)
Deferred social housing grant	20	**(2,011)**	(1,996)	**(2,053)**	(2,039)
Grant on HomeBuy equity loans	14b	**(67)**	(70)	**(67)**	(70)
Provisions for liabilities	23	**(78)**	(71)	**(40)**	(39)
Net pension liability	9	**(9)**	(18)	**(8)**	(17)
Net assets		**5,752**	5,705	**5,709**	5,582
Capital and reserves					
Share capital	25	**-**	-	**-**	-
Revenue reserve		**4,015**	3,952	**3,789**	3,646
Revaluation reserve		**1,737**	1,753	**1,920**	1,936
		5,752	5,705	**5,709**	5,582

* See note 34 for more details on restatement.

The accompanying notes form part of these financial statements.
These financial statements were approved and authorised for issue by the Board and signed on its behalf by:

Liam Coleman
Group Chair

Nigel Hopkins
Chair of Audit and Risk Committee

Edward Farnsworth
Group Finance Director

Adeyemi Kehinde
Company Secretary

Date of approval: 21 September 2026

04 Statement of changes in equity
Year ended 31 March 2026

Group	Called up share capital £m	Revaluation reserve £m	Revenue reserve £m	Total equity £m
Balance at 1 April 2024	-	1,764	3,957	5,721
Effect of correction of error*	-	-	(39)	(39)
Balance at 1 April 2024 (Restated*)	-	1,764	3,918	5,682
Surplus for the year (Restated*)	-	-	23	23
Reserves transfer	-	(11)	11	-
Actuarial losses	-	-	-	-
Balance at 31 March 2025 (Restated*)	-	1,753	3,952	5,705
Surplus for the year	**-**	**-**	**44**	**44**
Reserves transfer	**-**	**(16)**	**16**	**-**
Actuarial gains	**-**	**-**	**3**	**3**
Balance at 31 March 2026	**-**	**1,737**	**4,015**	**5,752**

LQHT	Called up share capital £m	Revaluation reserve £m	Revenue reserve £m	Total equity £m
Balance at 1 April 2024	-	1,947	3,711	5,658
Effect of correction of error*	-	-	(39)	(39)
Balance at 1 April 2024 (Restated*)	-	1,947	3,672	5,619
Loss for the year (Restated*)	-	-	(37)	(37)
Reserves transfer	-	(11)	11	-
Actuarial losses	-	-	-	-
Balance at 31 March 2025 (Restated*)	-	1,936	3,646	5,582
Surplus for the year	**-**	**-**	**124**	**124**
Reserves transfer	**-**	**(16)**	**16**	**-**
Actuarial gains	**-**	**-**	**3**	**3**
Balance at 31 March 2026	**-**	**1,920**	**3,789**	**5,709**

The accompanying notes form part of these financial statements.

* See note 34 for more details on restatement.

04 Consolidated statement of cash flows for the year ended 31 March 2026

	Note	2026 £m	2025 Restated* £m
Cash flows from operating activities			
Surplus for the year		**44**	23
Adjustments for non-cash items:			
Depreciation, amortisation and impairment	5	**148**	135
Deferred government grant	20	**(29)**	(28)
		119	107
Adjustments for investing or financing activities:			
Change in value of investment property	14c	**85**	42
Interest receivable and similar income	7	**(5)**	(7)
Interest payable and similar charges (including capitalised interest)	8a	**212**	230
Other finance costs	8b	**5**	6
Gain on sale of fixed assets	6	**(173)**	(149)
Share of profit/(losses) from joint ventures	14a	**18**	10
Disposal of business interests		**-**	120
Taxation	11	(11)	(5)
		131	247
Adjustment for working capital movement:			
(Increase)/decrease in trade and other debtors		**(5)**	(64)
Decrease in stock		**26**	90
(Decrease)/increase in trade and other creditors		**18**	(68)
Increase in provisions and employee benefits		**(1)**	(4)
		38	(46)
Tax recovered/(paid)			-
Net cash flow from operating activities		**332**	331

	Note	2026 £m	2025 Restated* £m
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	6	**622**	**391**
Proceeds from sale of investments	6	**-**	**-**
Purchase of other fixed assets	13a/ 13b	**(15)**	**(26)**
Interest received	7	**5**	**7**
Other finance costs	8b	**(5)**	**(6)**
Investments in jointly controlled entities	14a	**(24)**	**(26)**
Receipts from jointly controlled entities	14a	**55**	**57**
Acquisition of investment property	14c	**-**	**-**
Government grant received	20	**75**	**28**
Government grant repaid or transferred to other providers	20/ 21	**(144)**	**(16)**
Capitalised expenditure on development and construction	12	**(215)**	**(401)**
Capital expenditure on existing properties	12	**(143)**	**(146)**
Net proceeds from disposals of business interests	33	**-**	**80**
Net cash from investing activities		**211**	**(58)**
Cash flows from financing activities			
Loans received		**520**	**500**
Loans repaid		**(870)**	**(605)**
Interest paid		**(219)**	**(245)**
Net cash from/(to) financing activities		**(569)**	**(350)**
Net increase/(decrease) in cash and cash equivalents		**(26)**	**(77)**
Cash and cash equivalents at 1 April		**98**	**175**
Cash and cash equivalents at 31 March	17	**72**	**98**

*See note 34 for more details on restatement.

1. Legal status

London and Quadrant Housing Trust (LQHT) is a charitable housing association. It is registered as a community benefit society under the Cooperative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social landlord. LQHT is the ultimate parent of the Group.

2. Principal accounting policies

Basis of preparation

The financial statements of the Group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Housing SORP 2018 "Statement of Recommended Practice for Registered Social Housing Providers" and comply with the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

The financial statements are presented in Million Sterling (£m) to the nearest million except where specifically stated otherwise.

We have chosen to adopt the following disclosure exemptions in respect of the individual accounts of LQHT:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures, including:
  A. Categories of financial instruments,
  B. Items of income, expenses, gains or losses relating to financial instruments, and Impairment
  C. Exposure to and management of financial risks.

The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes to these financial statements. Accounting policies not specifically attributed to a note are set out below.

Segmental reporting

For the purpose of segmental reporting, the chief operating decision maker (CODM) is considered to be the Board.

In line with the segments reported to the CODM, the presentation of these financial statements and accompanied notes are in accordance with the Accounting Direction for Private Registered Providers of Social Housing from April 2022 and is considered appropriate. Information about income, expenditure, and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group.

This is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The CODM do not review disaggregated financial information of assets and liabilities at this level of operating segment. Refer to Note 3b for further disclosed information.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30 year financial plan which is updated quarterly and board approved on a semi-annual basis. The most recent financial plan was approved in March 2026 by the Board. As well as considering the impact of a number of scenarios on the financial plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The board, after reviewing the Group and association budgets for 2026/27 and the Group's medium term financial position as detailed in the 30 year financial plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). To reach this conclusion, the Board has considered the following factors:

The property market – budget and financial plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes. The base financial plan follows the expected Board approved development pipeline output;

Maintenance costs – budget and financial plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years. The base financial plan expects works levels to reduce in future years as a result of clearing the backlog created through the pandemic;

Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and financial plan scenarios included potential future reductions in rents. The base financial plan assumes the standard regulatory rent increase is applied;

Liquidity – current available cash and unutilised loan facilities of over £1bn which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;

The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties. Scenarios covering increase in interest rates were considered, however 67% of the Group's debt is fixed which limits exposure. Further downside scenarios included sensitivities over achieving planned divestment and fixed asset disposals.

The Board believe the Group and association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term borrowing facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term financial plan which shows that it is able to service debt facilities whilst continuing to comply with lenders' covenants.

Consequently, the Board and Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant management judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are set out below.

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

- The **indicators of impairment** of the Group's fixed assets and the assumptions made in:

  A. Determining the cash-generating unit (CGU) level at which recoverable amount is to be assessed

  B. Estimating the recoverable amount of the cash-generating unit

  C. Calculating the carrying amount of the cash-generating unit and

  D. Comparing the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

2. Principal accounting policies (continued)

The following are the significant management estimates made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

- When an impairment trigger is identified, the estimation of the amount of impairment is determined by calculating a recoverable amount based on discounted future cashflow. Management are particularly required to apply judgement where a development or scheme has a specific issue, defect or risk which is still under review at the reporting date. Management have made a judgement that there is no open market to be able to obtain a fair value less cost to sell, therefore as per the requirements of the Housing SORP 2018, the recoverable amount is estimated as the value in use. When calculating the value in use, the estimated future cashflows are derived from the continued use of the asset and its ultimate disposal, discounted at a rate reflecting the current cost of debt to determine the EUV-SH. Management have also calculated a depreciated replacement cost to determine a Value In Use Service Potential (VIU-SP), and applied the higher of EUV-SH or VIU-SP in impairment estimations.

- **The carrying value of stock and work in progress and estimate of costs to complete:** The Group holds stock stated at the lower of cost and net realisable value. Such stock includes land, work in progress and completed units. Due to the nature of development activity and in particular the scale and duration of the Group's developments, in determining forecast costs it is required to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. The Group also forecasts the forecast sales values and costs to complete on such developments, using spot rates at today's values. In making such assessments and cost allocations, there is a degree of inherent estimation uncertainty; in particular due to the need to take account of future sales prices, and direct input costs alongside an appropriate allocation of site wide costs to reflect the overall level of development risk. The Group has established internal controls designed to effectively assess and centrally review carrying values and net realisable value calculations, and to ensure the appropriateness of estimates made which will evolve over the life of the development in line with the risk profile. These estimates impact the carrying value of stock and work in progress at each reporting date

- **Provisions:** The Group makes assumptions to determine the timing and its best estimate of the quantum of its liabilities for which provisions are held. In particular significant judgement is used by management in estimating post-completion defect obligations in respect of construction of complex mixed-use property developments. The Group continually reviews at each reporting date the identified risks that it is aware of to ensure that the amount of the provision remains appropriate. The Group also continually reviews its utilisation of the provision, releasing it in line with expenditure which was provided for, or adjusting as necessary in line with the remaining obligation at the reporting date. Refer to the accounting policy and disclosures within note 23 for further detail.

- **The valuation of pension liabilities.** The critical selection of financial and actuarial assumptions in relation to defined benefit scheme obligation (DBO) based on best estimates derived from the Group's policies and practices and their applications across all pension schemes operated by the Group where appropriate and confirmed with actuaries where these are beyond management expertise, eg Mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau (supported by the Actuarial Profession). Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. Refer to note 9 of these financial statements for further detail.

- Management reviews the application of suitable assumptions by third-party experts to provide a reasonable valuation of investment property, especially in light of the current economic climate of prolonged high inflation and rising interest rates.

- Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to circumstances which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing properties and property components are disclosed in note 12 and include:

A. The useful economic life of property structure is set to 100 years; and

B. That properties have no residual values at the end of their useful life.

These are conservative assumptions that have been aligned with general practice followed by registered housing providers.

- Management reviews the appropriate point at which a development project is more likely than not to continue, allowing capitalisation of associated development costs and borrowing costs.

- Management reviews the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

- Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument

- Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements applied to fixed rate and hedged debt carry a significant mark-to-market exposure year on year, the accounting for which can impact on the presentation of the financial statements depending on whether hedge accounting is applicable and whether management opts to apply hedge accounting.

- Management perform estimates for receivables relating to the recoverability of outstanding balances (rental and other trade debtors, see note 16). A review is performed each year end on an individual debtor basis to consider whether each debt is recoverable.

Basis of consolidation

The Group has prepared consolidated financial statements as required by the Housing SORP 2018 "Statement of Recommended Practice for Registered Social Housing Providers" under the purchase method in which the financial statements of LQHT and its subsidiaries are presented as those of a single economic entity. Intercompany transactions and balances between group companies are therefore eliminated in full on consolidation.

The consolidated accounts comprise the financial statements of LQHT, the parent company, and its subsidiary undertakings, control of which is achieved where LQHT has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of the parent LQHT.

A list of all subsidiaries is provided in note 35.

2. Principal accounting policies (continued)

Jointly controlled entities
The Group participates in a number of joint ventures that involves the establishment of a corporation, partnership or other entity. As such, these are jointly controlled entities and accounted for using the equity method of accounting under which the equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the profit or loss.

Value added tax
The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Turnover
Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership properties and from properties developed for open market sales, from land sales at the point of sale completion, revenue grants receivable, and includes, in accordance with FRS 102, the amortisation of Social Housing Grant (SHG). By applying the accrual model, deferred grant income is released as an income over the life of the asset structure. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales, sales of properties built for sale and land sales is recognised at the point of legal completion of the sale.

Other grants are receivable from local authorities or other government administrated bodies. Grants in respect of revenue expenditure, which includes some elements of building safety, are credited to the statement of comprehensive income in the same period as the expenditure to which they relate. Capital grants are carried as deferred income in the statement of financial position and released to the statement of comprehensive life of the asset for which it was received.

Income from sale of strategic land and infrastructure can be recognised in one of two ways depending on the agreed contract. Sale of strategic land is recognised when the benefits of ownership and related planning consents are passed to the purchaser. Long term infrastructure contracts are included in revenue on the basis of the sales value of work performed during the year by reference to the total sales value and stage of completion of these contracts.

Cost of sales
Cost of sales represents those costs including capitalised interest, direct overheads incurred during the course of development of those properties and marketing and other incidental costs incurred during the course of sale of those properties.

In addition to the land costs originally stocked under construction attributable to each sales transaction, included within cost of sales are expenses relating to fees expended in promoting developments through the planning system which are written off to the statement of comprehensive income until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the accounting policy in respect of land and properties held for sale. At the date a sale is recognised all costs, including planning and infrastructure costs attributable to that sale, are taken to cost of sales.

Joint ventures
The Group has entered various property development and land enabling activities conducted through joint ventures, the majority of which are jointly controlled entities. These are represented in Statement of Comprehensive Income by applying the equity accounting method as set out in note 14a.

For those which are jointly controlled assets the results are proportionally consolidated within the Statement of Comprehensive Income, while L&Q recognises its share of assets and liabilities within the Statement of Financial Position.

Reserves
There are no restricted or designated reserves held.

The revaluation reserve was established on transition to FRS 102 on application of the deemed cost model, which allowed first time adopters to elect to measure an item of fixed assets at its fair value at the date of transition and use that fair value as its deemed cost at that date. Movements in the revaluation reserve relate to disposals in the year of homes held at deemed cost.

Foreign Currency
Transactions in foreign currencies are translated to the Group's functional currency (£ sterling) at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to the functional currency at the foreign exchange rate ruling at that date. The Group operates two Euro bank accounts.

3a. Particulars of turnover, cost of sales, operating costs and operating surplus – Group

Group	2026 Turnover £m	2026 Cost of sales £m	2026 Operating costs £m	2026 Other operating items £m	2026 Operating surplus £m	2025 Turnover £m	2025 Cost of sales Restated* £m	2025 Operating costs Restated* £m	2025 Other operating items £m	2025 Operating surplus £m
Social housing lettings										
General needs	**460**	**-**	**(382)**	**-**	**78**	465	-	(346)	-	119
Supported housing	**61**	**-**	**(41)**	**-**	**20**	61	-	(50)	-	11
Intermediate market rent **	**45**	**-**	**(31)**	**-**	**14**	45	-	(29)	-	16
Low-cost home ownership	**104**	**-**	**(55)**	**-**	**49**	106	-	(48)	-	58
Affordable rent **	**107**	**-**	**(51)**	**-**	**56**	102	-	(41)	-	61
	777	**-**	**(560)**	**-**	**217**	779	-	(514)	-	265
Other social housing activities										
Care and support	**4**	**-**	**(1)**	**-**	**3**	8	-	(8)	-	-
First tranche low-cost home ownership sales	**72**	**(69)**	**-**	**-**	**3**	111	(99)	-	-	12
Development (Restated*)	**4**	**-**	**(84)**	**-**	**(80)**	17	-	(50)	-	(33)
Community investment	**-**	**-**	**(8)**	**-**	**(8)**	-	-	(7)	-	(7)
Other	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Surplus on disposal of fixed assets	**-**	**-**	**-**	**173**	**173**	-	-	-	149	149
	80	**(69)**	**(93)**	**173**	**91**	136	(99)	(65)	149	121
Non-social housing lettings										
Student accommodation	**1**	**-**	**-**	**-**	**1**	1	-	-	-	1
Market rent	**71**	**-**	**(22)**	**(85)**	**(36)**	67	-	(20)	(43)	4
Non-social homeowners	**21**	**-**	**(22)**	**-**	**(1)**	29	-	(29)	-	-
Commercial	**3**	**-**	**(1)**	**-**	**2**	4	-	(2)	1	3
Garages, sheds, parking spaces	**1**	**-**	**(1)**	**-**	**-**	1	-	(1)	-	-
	97	**-**	**(46)**	**(85)**	**(34)**	102	-	(52)	(42)	8

Group	2026 Turnover £m	2026 Cost of sales £m	2026 Operating costs £m	2026 Other operating items £m	2026 Operating surplus £m	2025 Turnover £m	2025 Cost of sales Restated* £m	2025 Operating costs Restated* £m	2025 Other operating items £m	2025 Operating surplus £m
Non-social housing activities										
Open market sales	**62**	**(55)**	**-**	**-**	**7**	52	(34)	(3)	-	15
Land sales	**4**	**(3)**	**-**	**-**	**1**	33	(45)	(3)	-	(15)
Resales	**1**	**-**	**-**	**-**	**1**	1	-	-	-	1
Other non-social housing activity	**6**	**-**	**(26)**	**-**	**(20)**	8	-	(26)	-	(18)
Share of (losses)/profits from joint ventures	**-**	**-**	**-**	**(18)**	**(18)**	-	-	-	(10)	(10)
	73	**(58)**	**(26)**	**(18)**	**(29)**	94	(79)	(32)	(10)	(27)
	1,027	**(127)**	**(725)**	**70**	**245**	1,111	(178)	(663)	97	367

Notes:
***** See note 34 for more details on restatement.
****** During the year a reclassification of London Living Rent and Rent to Buy products was made between Affordable rent and Intermediate Rent. The prior year has been restated accordingly to ensure comparability of social housing letting groupings, however there was no change to Social housing lettings Turnover, Cost of Sales or Operating costs overall.

Social housing lettings: There was £nil net impairment within general needs operating costs in the year considered to be fixed asset impairment (2025: nil charge).
Other social housing activities: First tranche low-cost home ownership cost of sales of £69m includes a net impairment release of £3m (2025: £1m) considered to be current asset impairment. Development operating costs £84m (2025 restated: £50m) includes £51m net impairment charge considered to be fixed asset impairment (2025 restated: £31m), £1m abortive site costs (2025: £1m), £19m overheads (2025: £18m) and £5m latent defects (2025: £2m).
Non-social housing lettings: Market rent "other operating items" represents the change in valuation of investment property which forms part of operating income and expenditure.
Non-social housing activities: Open market sales cost of sales of £55m includes a net impairment release on sale of £nil (2025: £8m) considered to be current asset impairment, and Land cost of sales of £3m (2025: £45m) includes a net impairment release of £4m (2025: £8m charge). Share of losses from joint ventures totalling £18m (2025: £10m) includes £nil impairment recognised the year (2025: £nil).

3a. Particulars of turnover, cost of sales, operating costs and operating surplus – LQHT

LQHT	2026 Turnover £m	2026 Cost of sales £m	2026 Operating costs £m	2026 Other operating items £m	2026 Operating surplus £m	2025 Turnover £m	2025 Cost of sales Restated* £m	2025 Operating costs Restated* £m	2025 Other operating items £m	2025 Operating surplus £m
Social housing lettings										
General needs	**460**	**-**	**(382)**	**-**	**78**	465	-	(346)	-	119
Supported housing	**60**	**-**	**(40)**	**-**	**20**	61	-	(50)	-	11
Intermediate market rent **	**45**	**-**	**(31)**	**-**	**14**	45	-	(29)	-	16
Low-cost home ownership	**104**	**-**	**(55)**	**-**	**49**	106	-	(48)	-	58
Affordable rent **	**107**	**-**	**(51)**	**-**	**56**	102	-	(41)	-	61
	776	**-**	**(559)**	**-**	**217**	779	-	(514)	-	265
Other social housing activities										
Care and support	**1**	**-**	**-**	**-**	**1**	-	-	-	-	-
First tranche low-cost home ownership sales	**72**	**(73)**	**-**	**-**	**(1)**	111	(100)	-	-	11
Development (Restated*)	**1**	**-**	**(71)**	**-**	**(70)**	12	-	(40)	-	(28)
Community investment	**-**	**-**	**(8)**	**-**	**(8)**	-	-	(7)	-	(7)
Other	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Surplus on disposal of fixed assets	**-**	**-**	**-**	**176**	**176**	-	-	-	150	150
	74	**(73)**	**(79)**	**176**	**98**	123	(100)	(47)	150	126
Non-social housing lettings										
Student accommodation	**1**	**-**	**-**	**-**	**1**	1	-	-	-	1
Market rent	**-**	**-**	**-**	**-**	**-**	7	-	(8)	-	(1)
Non-social homeowners	**20**	**-**	**(21)**	**-**	**(1)**	29	-	(30)	-	(1)
Commercial	**3**	**-**	**(1)**	**-**	**2**	4	-	(2)	1	3
Garages, sheds, parking spaces	**1**	**-**	**(1)**	**-**	**-**	1	-	(1)	-	-
	25	**-**	**(23)**	**-**	**2**	42	-	(40)	1	2
Non-social housing activities										
Open market sales	**12**	**(15)**	**-**	**-**	**(3)**	5	(7)	-	-	(2)
Land sales	**3**	**(1)**	**-**	**-**	**2**	3	(12)	-	-	(9)
Resales	**2**	**-**	**(1)**	**-**	**1**	1	-	-	-	1
Other non-social housing activity	**11**	**-**	**(27)**	**-**	**(16)**	7	-	(22)	-	(15)
	28	**(16)**	**(28)**	**-**	**(17)**	16	(20)	(22)	-	(25)
	903	**(89)**	**(689)**	**176**	**301**	960	(120)	(623)	151	368

Notes:
***** See note 34 for more details on restatement.
******During the year a reclassification of London Living Rent and Rent to Buy products was made between Affordable rent and Intermediate Rent. The prior year has been restated accordingly to ensure comparability of social housing letting groupings, however there was no change to Social housing lettings Turnover, Cost of Sales or Operating costs overall.

Other social housing activities: First tranche low-cost home ownership cost of sales of £73m (2025: £100m) includes a net impairment release of £3m (2025: £3m) considered to be current asset impairment. Development operating costs of £71m (2025: £40m) includes £47m net impairment charge considered to be fixed asset impairment (2025 restated: £25m), £1m abortive costs (2025: £nil), £19m overheads (2025: £17m) and £1m latent defects (2025: £1m).

3b. Particulars of income and expenditure from social housing lettings

Group	General needs £m	Supported housing £m	Intermediate market rent £m	Low-cost home ownership £m	Affordable rent £m	2026 Total £m	2025 Total £m
Rent receivable net of identifiable service charges and void losses	**409**	**46**	**35**	**74**	**92**	**656**	642
Service charges receivable	**30**	**13**	**9**	**22**	**14**	**88**	94
Net rents receivable	**439**	**59**	**44**	**96**	**106**	**744**	736
Amortised government grant	**15**	**2**	**1**	**10**	**1**	**29**	28
Government grants taken to income	**-**	**-**	**-**	**-**	**-**	**-**	3
Other income	**6**	**-**	**-**	**(2)**	**-**	**4**	12
Total income from lettings	**460**	**61**	**45**	**104**	**107**	**777**	779
Expenditure on letting activities:							
Management	**48**	**6**	**9**	**10**	**9**	**82**	73
Services	**50**	**10**	**9**	**26**	**14**	**109**	113
Routine maintenance	**143**	**11**	**8**	**15**	**17**	**194**	170
Planned maintenance and major repairs	**63**	**5**	**2**	**4**	**4**	**78**	55
Bad debts	**4**	**1**	**-**	**-**	**1**	**6**	5
Depreciation of housing properties	**74**	**8**	**3**	**-**	**6**	**91**	97
Impairment of housing properties	**-**	**-**	**-**	**-**	**-**	**-**	-
Other costs	**-**	**-**	**-**	**-**	**-**	**-**	1
Total expenditure on lettings	**382**	**41**	**31**	**55**	**51**	**560**	514
Operating surplus on lettings	**78**	**20**	**14**	**49**	**56**	**217**	265
Voids losses	**5**	**1**	**4**	**-**	**1**	**12**	13

Government grant is receivable in relation to building safety expenditure incurred in the period that is assessed as being eligible under the grant scheme.

LQHT	General needs £m	Supported housing £m	Intermediate market rent £m	Low-cost home ownership £m	Affordable rent £m	2026 Total £m	2025 Total £m
Rent receivable net of identifiable service charges and void losses	**409**	**46**	**35**	**74**	**92**	**656**	642
Service charges receivable	**30**	**12**	**9**	**22**	**14**	**87**	94
Net rents receivable	**439**	**58**	**44**	**96**	**106**	**743**	736
Amortised government grant	**15**	**2**	**1**	**10**	**1**	**29**	28
Government grants taken to income	**-**	**-**	**-**	**-**	**-**	**-**	3
Other income	**6**	**-**	**-**	**(2)**	**-**	**4**	12
Total income from lettings	**460**	**60**	**45**	**104**	**107**	**776**	779
Expenditure on letting activities:							
Management	**48**	**6**	**9**	**10**	**9**	**82**	73
Services	**50**	**10**	**9**	**26**	**14**	**109**	113
Routine maintenance	**143**	**11**	**8**	**15**	**17**	**194**	170
Planned maintenance and major repairs	**63**	**4**	**2**	**4**	**4**	**77**	55
Bad debts	**4**	**1**	**-**	**-**	**1**	**6**	5
Depreciation of housing properties	**74**	**8**	**3**	**-**	**6**	**91**	97
Impairment of housing properties	**-**	**-**	**-**	**-**	**-**	**-**	-
Other costs	**-**	**-**	**-**	**-**	**-**	**-**	1
Total expenditure on lettings	**382**	**40**	**31**	**55**	**51**	**559**	514
Operating surplus on lettings	**78**	**20**	**14**	**49**	**57**	**217**	265
Voids losses	**5**	**1**	**4**	**-**	**1**	**12**	13

Government grant is receivable in relation to building safety expenditure incurred in the period that is assessed as being eligible under the grant scheme.

4. Group housing stock

Social housing accommodation	Owned and directly managed	Owned but managed by other organisations	Managed on behalf of other organisations	2026 Total	Owned and directly managed	Owned but managed by other organisations	Managed on behalf of other organisations	2025 Total
General needs	**50,946**	**170**	**144**	**51,260**	54,099	173	157	54,429
Affordable rent	**9,667**	**-**	**6**	**9,673**	9,630	-	6	9,636
Intermediate rent	**3,858**	**-**	**1**	**3,859**	3,401	-	51	3,452
Housing for older people	**4,569**	**20**	**11**	**4,600**	4,894	20	11	4,925
Supported housing	**799**	**1,414**	**2**	**2,215**	794	1,648	7	2,449
Care homes	**-**	**247**	**-**	**247**	-	304	-	304
Total social housing	**69,839**	**1,851**	**164**	**71,854**	72,818	2,145	232	75,195

	2026	2025
Other social housing accommodation		
Key worker accommodation	**766**	783
Low-cost home ownership	**11,715**	11,679
Shared equity	**1,934**	2,007
Other social homes	**213**	67
Social leased housing	**144**	176
Total other social housing	**14,772**	14,712
Non-social housing accommodation		
Leaseholders and freehold with services	**13,724**	13,817
Market rent	**3,210**	3,156
Student accommodation	**157**	157
Other landlords	**2,589**	2,613
Commercial	**15**	9
Total non-social housing	**19,695**	19,752
Total homes owned or managed	**106,321**	109,659
Garages, parking spaces and other non-habitable units	**12,916**	13,253
Total homes and units owned or managed	**119,237**	122,912
Homes in development pipeline	**6,713**	8,877
Strategic land plots	**20,556**	25,480

5. Operating surplus on ordinary activities before tax

	Group 2026 £m	Group 2025 *Restated £m	LQHT 2026 £m	LQHT 2025 *Restated £m
Operating surplus is stated after charging/(crediting):				
Depreciation on social housing properties	**91**	97	**91**	97
Depreciation on other non-social housing	**-**	-	**-**	-
Depreciation and amortisation on other fixed assets	**13**	8	**12**	8
Impairment charge on fixed asset housing properties (note 12)	**57**	31	**51**	25
Impairment release on fixed asset housing properties (note 12)	**(2)**	-	**(4)**	-
Reclassification of fixed asset impairment	**(4)**	-	**-**	-
Net impairment on fixed asset housing properties	**51**	31	**47**	25
Impairment charge on current assets under development (note 15)	**(4)**	19	**-**	12
Impairment release on current assets under development (note 15)	**(7)**	(20)	**(6)**	(12)
Reclassification to current asset impairment	**4**	-	**-**	-
Net impairment on current assets	**(7)**	(1)	**(6)**	-
Impairment release on joint ventures	**-**	-	**-**	-
Surplus on sale of fixed assets	**(173)**	(149)	**(176)**	(150)
Operating lease rentals - Land and buildings	**1**	1	**1**	2
Change in valuation of investment property	**85**	42	**-**	(1)

* See note 34 for more details on restatement.

During the year, the following services were provided by the Group auditor:

	Group 2026 £'000	Group 2025 £'000	LQHT 2026 £'000	LQHT 2025 £'000
Auditor's remuneration (excluding VAT):				
• In their capacity as auditor	**1,159**	967	**1,002**	707
• In respect of other services	**72**	61	**72**	61

6. Surplus on disposal of fixed assets and other investments

Disposals
Surplus on disposal of fixed assets and investments is recognised on legal sale completion.

Group	Housing properties £m	Investment disposals £m	HomeBuy £m	Other £m	2026 Total £m	2025 Total £m
Sales proceeds	621	-	6	2	629	403
Cost of sales	(479)	-	(3)	(3)	(485)	(226)
Grant recovered	-	-	-	-	-	(31)
Grant abated	1	-	-	-	1	-
Depreciation on sales	35	-	-	-	35	13
Incidental sale expense and write downs	(7)	-	-	-	(7)	(10)
Total	171	-	3	(1)	173	149

LQHT	Housing properties £m	Investment disposals £m	HomeBuy £m	Other £m	2026 Total £m	2025 Total £m
Sales proceeds	621	-	6	2	629	401
Cost of sale	(476)	-	(3)	(3)	(482)	(224)
Grant recovered	-	-	-	-	-	(31)
Grant abated	1	-	-	-	1	-
Depreciation on sales	35	-	-	-	35	13
Incidental sale expense and write downs	(6)	-	-	(1)	(7)	(9)
Total	175	-	3	(2)	176	150

7. Interest receivable and similar income

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Bank interest receivable	3	4	3	3
Other interest receivable	2	3	35	41
	5	7	38	44

8a. Interest payable and similar charges

Interest payable
Interest expense on liabilities at amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

Interest capitalised
Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the year ending 31 March 2026, interest has been capitalised at an average rate of 4.0% (2025: 4.21%)that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

Interest is not capitalised on strategic land developments.

Release of loan fair values
Where loans have been fair valued on acquisition of another entity, the difference on fair value at the time of acquisition is released to the statement of comprehensive income in line with the repayment profile of the specific loans. Where the loan is fully repaid, the full amount of fair value remaining is released.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Interest expense on liabilities at amortised cost	219	245	210	237
Amortisation of loan set-up costs	3	3	3	3
Less: interest capitalised in housing properties	(10)	(18)	(10)	(18)
	212	230	203	222

8b. Other finance income and costs

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Movements in financial instruments relating to deferred land payments	2	3	2	3
Release of loan fair values on repayment and refinancing	5	5	-	-
Other charges	(12)	(14)	(32)	(14)
	(5)	(6)	(30)	(11)

9. Employee information

	Group 2026 No.	Group 2025 No.	LQHT 2026 No.	LQHT 2025 No.
The average full-time equivalent employees based on their individual contracted hours:				
Chief Executive Department	**15**	11	**15**	11
Contact Centre and Income Management	**511**	420	**511**	420
Property and Investment*	**1,654**	1,381	**1,654**	1,381
Finance, Treasury, Insurance and Procurement	**194**	202	**194**	202
Governance, Strategy and Communications	**123**	144	**123**	144
Human Resources, Learning and Development and Facilities	**118**	108	**118**	108
L&Q Foundation	**68**	65	**68**	65
Care and Support	**144**	241	**6**	24
Housing Management	**544**	755	**544**	755
Private Rented and Commercial Lettings	**71**	72	**-**	-
Technology and Digital	**243**	234	**243**	234
Transformation	**58**	32	**58**	32
	3,743	3,665	**3,534**	3,376

	Group 2026	Group 2025	LQHT 2026	LQHT 2025
Staff costs (for the above persons)	**£m**	£m	**£m**	£m
Wages and salaries	**188**	176	**179**	167
Social security costs	**25**	20	**24**	19
Other pension costs	**23**	23	**22**	**22**
	236	219	**225**	208

* During the year, Development Sales and Asset Management were joined with Maintenance and L&Q Energy under one new Directorate "Property and Investment", the prior year has been restated to enable comparison. The reduction of Care and Support staff at Group reflects the strategic decision to exit care packages within L&Q Living Ltd, resulting in staff moving to new care and support providers under TUPE. In line with our target operating model, some teams have moved between Directorates in the year, most notably Estate Services from Housing Management to Property and Investment.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the financial reporting date and is carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement.

L&Q Staff Benefits Plan

The Group operates the L&Q Housing Trust Staff Benefits Plan (the LQHT scheme), providing benefits based on final pensionable pay. The LQHT scheme has 10 active members (2025: 10). The assets of the scheme are held separately from those of the Group. This scheme has been closed to new entrants since 2001.

The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected unit method and is not materially different from that arising from the current employer's contribution rate.

The pension contributions payable by the Group to the LQHT scheme during the accounting period were equal to 36.1% (2025: 36.1%) of pensionable salary as recommended by the actuary. Surpluses and deficits are reviewed at each triennial actuarial valuation, and the pensions charge recorded by the Group during the accounting period was equal to the contributions payable.

Local Government Pension Schemes

The Group also participates in two defined benefit pension schemes ("LGPS") which are administered by:

- London Borough of Waltham Forest with 1 active member (2025: 1); and
- Greater Manchester Pension Fund with 77 active members (2025: 88).

The pension contributions paid during the year for these schemes were:

- London Borough of Waltham Forest scheme 21.2% (2025: 21.2%); and
- Greater Manchester Pension Fund 34.1% (2025: 34.1%).

Pension scheme assets are measured using market values.

During the year the Group agreed to exit from Buckinghamshire County Council LGPS on 28th February 2026. The scheme was in a surplus at the point of exit, with receipt of funds to be received in the next year. Consequently, the scheme has been derecognised in these financial statements.

Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme surpluses (to the extent that they are recoverable) or deficits are recognised in full. The results of the schemes as set out below have been based on assumptions prepared by the LQHT actuary using the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The movement in the scheme surpluses/deficits other than cash contributed by the Group are split between operating charges, finance items and actuarial gains or losses in the statement of other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted through the application of an 'asset ceiling' adjustment, to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Due to the triennial valuation as at 31 March 2025, the LGPS actuary has adjusted for a number of other comprehensive income elements as part of the normal true-up process every 3 years. This has led to a higher than previously encountered experience adjustment, which is primarily driven by the ways that financial assumptions were modelled during 2023 due to limitations in data, the LGPS actuary's modelling of the Group's assumptions, and a true-up of unreduced early retirements.

9. Employee information (continued)

The Social Housing Pension Scheme

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. At 31 March 2019 as a result of additional information, a full FRS 102 valuation was adopted for the first time.

The Group has two employers participating in SHPS namely LQHT (the parent), and L&Q Living Limited.

Money purchase schemes

The Group also participates in defined contribution schemes where the amount charged to the statement of consolidated income represents the contributions payable to the scheme in respect of the accounting period. In FY2025 a new scheme was entered following the TUPE of staff from LQHT to PRS Co Ltd, whilst the Group exited a different scheme on the completion of the disposal of L&Q Estates group of companies. During this year, L&Q Group moved their Defined Contribution pension provision from the L&Q Staff Benefits Plan to a mastertrust provider. There was no accounting impact of these changes.

a) L&Q Staff Benefits Plan - Group and LQHT

	2026	2025
Financial assumptions		
Discount rate	6.1%	5.7%
Inflation (RPI)	3.3%	3.0%
Inflation (CPI)	2.6%	2.3%
Salary growth	3.3%	3.0%
Mortality assumptions		
• Base table	2024 Vita	2022 Vita
• Improvement method	CMI 2024 with 1.25% LTR	CMI 2023 with 1.25% LTR 7
• Life expectancies (average future life expectancy for a pensioner aged 65 at 31 March)	Male 22.2 years Female 24.4 years	Male 22.1 years Female 24.4 years
• Life expectancies (average future life expectancy at age 65 for a non-pensioner aged 45 at 31 March)	Male 23.8 years Female 25.2 years	Male 23.4 years Female 25.3 years

b) Local Government Pension Scheme (LGPS) - Group and LQHT

	2026	2025
Financial assumptions		
Discount rate	6.1%	5.7%
Inflation (RPI)	3.3%	3.0%
Inflation (CPI)	2.9%	2.8%
Salary growth	3.3%	3.0%
Mortality assumptions		
• Base table	2024 Vita	2021 Vita
• Improvement method	CMI 2024 with 1.5% LTR	CMI 2021 with 1.5% LTR 7
• Life expectancies (average future life expectancy for a pensioner aged 65 at 31 March)	Male 20.4 years Female 24.0 years	Male 20.8 years Female 24.3 years
• Life expectancies (average future life expectancy at age 65 for a non-pensioner aged 45 at 31 March)	Male 22.3 years Female 25.4 years	Male 22.2 years Female 25.5 years

Mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries.

c) Social Housing Pension Scheme Plan - Group and LQHT

	2026	2025
Financial assumptions		
Discount rate	6.1%	5.7%
Inflation (RPI)	3.3%	3.0%
Inflation (CPI)	3.0%	2.8%
Salary growth	3.3%	3.0%
Mortality assumptions		
• Base table	S3PA	S3PA
• Improvement method	CMI 2025 with 1.25% LTR	CMI 2023 with 1.25% LTR 7
• Life expectancies (average future life expectancy for a pensioner aged 65 at 31 March)	Male 20.9 years Female 23.2 years	Male 20.5 years Female 23.0 years
• Life expectancies (average future life expectancy at age 65 for a non-pensioner aged 45 at 31 March)	Male 22.2 years Female 24.6 years	Male 21.7 years Female 24.5 years

Mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries.

9. Employee information (continued)

Summary of pension scheme balances

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Net pension asset				
LGPS schemes	37	37	37	37
Asset ceiling adjustment	(33)	(34)	(33)	(34)
LQHT staff benefits plan	1	-	1	-
Net pension asset recognised	5	3	5	3
Net pension liability				
LQHT staff benefits plan	-	3	-	3
SHPS	9	15	8	14
Net pension liability	9	18	8	17

LGPS defined benefit schemes - Net Pension Asset

As at 31 March 2026 there were two (2025: two) LGPS schemes in a net pension asset position - Waltham Forest and the Greater Manchester Pension Fund. The maximum surplus recognised has been calculated by determining the net present value of future service costs as at 31 March 2026, with the asset ceiling adjustment highlighting the difference between the actuarial surplus, and value of asset recognised in the financial statements. In the previous year, Waltham Forest was in a net liability position, included in the comparative.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Analysis of the amount recognised in comprehensive income				
Current service cost	-	-	-	-
Net interest on the defined (liability)/asset	2	1	2	1
Interest on effect of asset ceiling	(2)	(1)	(2)	(1)
Total	-	-	-	-

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Analysis of amount recognised in other comprehensive income				
Return on assets excluding amounts included in net interest	3	-	3	-
Changes in assumptions underlying the present value of the plan liabilities	3	7	3	7
Changes due to experience	(8)	-	(8)	-
Changes in effect of the asset ceiling	2	(9)	2	(9)
Remeasurements recognised	-	2	-	2
Movement in surplus during the year				
At beginning of the year	3	5	3	5
Movement in year:				
Current service cost	-	(1)	-	(1)
Employer contributions	1	1	1	1
Remeasurements	(3)	7	(3)	7
Asset ceiling adjustment	2	(9)	2	(9)
Net surplus at end of the year	3	3	3	3
Movement in fair value of plan assets				
At beginning of the year	83	82	83	82
Reclassification to net pension liability	(3)	-	(3)	-
Assets distributed on settlements	-	-	-	-
Transfer to pension liability	-	(2)	-	(2)
Interest income	4	4	4	4
Remeasurements on plan assets	3	(1)	3	(1)
Employer contributions	1	2	1	2
Benefits paid	(2)	(2)	(2)	(2)
At end of the year	86	83	86	83

9. Employee information (continued)

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Movement in liabilities during the year				
Past service liability at start of the year	45	54	45	54
Reclassification	(2)	(2)	(2)	(2)
Service cost	1	1	1	1
Interest cost	2	2	2	2
Remeasurement:				
- Due to changes in assumptions	(3)	(8)	(3)	(8)
- Due to experience	8	-	8	-
Benefits paid	(2)	(2)	(2)	(2)
Liabilities extinguished on settlements	-	-	-	-
Past service liability at end of the year	49	45	49	45

Reconciliation of change in impact of asset ceiling	Group 2026 £m	Group 2025 £m	Group 2026 £m	LQHT 2025 £m
Opening asset ceiling 1 April	34	23	34	23
Interest on the impact of asset ceiling	1	1	1	1
Remeasurement - Actuarial losses / (gains)	(2)	10	(2)	10
Closing asset ceiling at 31 March	33	34	33	34

Both LGPS are currently in a net pension asset position at the end of the year. The maximum surplus recognised has been determined by reference to the present value of future service costs and the extent to which the surplus is recoverable through reduced future contributions or refunds from the schemes. Consequently, an asset ceiling adjustment has been applied as calculated by the scheme actuary to restrict the recognised net pension asset to the estimated amount recoverable by the Group and LQHT in accordance with FRS 102. The table above provides a reconciliation of the movement of the asset ceiling year on year for these affected pensions.

L&Q Staff Benefits Plan defined benefit scheme – Net Pension Asset

This scheme was in a net pension liability position as at 31 March 2025, but moved to net pension asset as at 31 March 2026. Comparatives are shown for this plan only, and previous grouping with Waltham Forest LGPS has been reclassified to LGPS section.

Analysis of the amount recognised in comprehensive income	Group 2026 £m	Group 2025 £m	Group 2026 £m	LQHT 2025 £m
Current service costs	-	-	-	-
Net interest on the defined (liability)/asset	-	-	-	-
Total	-	-	-	-

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Analysis of amount recognised in other comprehensive income				
Actual return on assets excluding amounts included in net interest	(1)	(12)	(1)	(12)
Changes in assumptions underlying the present value of the plan liabilities	2	13	3	13
Changes due to experience	-	-	-	-
Remeasurements recognised	1	1	1	1
Movement in (deficit)/surplus in the year				
Net deficit at beginning of the year	(3)	(7)	(3)	(7)
Movement in year:				
Employer contributions	3	3	3	3
Remeasurements	1	1	1	1
Net surplus/(deficit) at end of the year	1	(3)	1	(3)

9. Employee information (continued)

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Movement in liabilities during the year				
Past service liability at beginning of the year	**95**	106	**95**	106
Transfer from pension asset	**(2)**	2	**(2)**	2
Interest cost	**5**	4	**5**	4
Remeasurement:				
- Due to changes in assumptions	**(2)**	(13)	**(2)**	(13)
- Due to experience	**-**	-	**-**	-
Benefits paid	**(6)**	(4)	**(6)**	(4)
At end of the year	**90**	95	**90**	95

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Movement in fair value of plan assets				
At beginning of the year	**92**	98	**92**	98
Transfer from pension asset	**(2)**	2	**(2)**	2
Net interest income	**5**	5	**5**	5
Remeasurements	**(1)**	(12)	**(1)**	(12)
Employer contributions	**3**	3	**3**	3
Benefits paid	**(6)**	(4)	**(6)**	(4)
At end of the year	**91**	92	**91**	92

Social Housing Pension Scheme - Net pension liability

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Analysis of the amount recognised in comprehensive income				
Current service cost	**-**	-	**-**	-
Net interest on the defined (liability)/asset	**(1)**	(1)	**(1)**	(1)
Total	**(1)**	(1)	**(1)**	(1)
Analysis of amount recognised in other comprehensive income				
Experience on plan assets (excluding amounts included in net interest cost)	**(1)**	(6)	**(1)**	(6)
Changes in assumptions underlying the present value of the plan liabilities	**2**	11	**2**	11
Changes due to experience	**1**	(4)	**1**	(4)
Remeasurements recognised	**2**	1	**2**	1
Movement in deficit in the year				
Net deficit at beginning of the year	**(14)**	(20)	**(14)**	(18)
Movement in year:				
Employer contributions	**4**	5	**4**	4
Other finance costs	**(1)**	(1)	**-**	(1)
Remeasurements	**2**	2	**2**	1
Net deficit at end of the year	**(9)**	(14)	**(8)**	(14)

9. Employee information (continued)

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Movement in fair value of plan assets				
At beginning of the year	80	81	75	76
Net interest income	5	4	4	4
Remeasurements	(1)	(6)	(1)	(6)
Employer contributions	4	5	4	5
Benefits paid	(4)	(4)	(4)	(4)
At end of the year	84	80	78	75

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Movement in liabilities during the year				
Past service liability at beginning of the year	94	101	88	95
Interest cost	5	5	5	4
Remeasurement:				
- Due to changes in assumptions	(1)	(12)	(1)	(11)
- Due to experience	(1)	4	(1)	4
Benefits paid	(4)	(4)	(4)	(4)
Past service liability at end of the year	93	94	87	88

The fair value of the plan assets for all LGPS and SHPS was as follows:

Group	2026 £m	2026 %	2025 £m	2025 %
Equities	80	31%	75	30
Gilts	-	-	1	-
Corporate bonds	31	12%	27	11
Property	13	5%	11	4
Cash	9	3%	8	3
Other assets	128	49%	132	52
	261	100%	254	100

LQHT	2026 £m	2026 %	2025 £m	2025 %
Equities	80	31%	75	30
Gilts	-	-	1	-
Corporate bonds	31	12%	27	11
Property	12	5%	11	4
Cash	9	4%	8	3
Other assets	124	48%	127	51
	256	100%	249	100

We were notified in 2021 by the Trustees of the SHPS Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee of the Scheme is currently seeking clarification from the Court on historic benefit changes it made to the scheme. The High Court hearing (Verity Trustees v Wood) was held in Q1 2025. During the hearing, the Court heard different arguments on a series of questions concerning how the Scheme should be administered. The Court's determination is not expected until later in 2026. At this point the Trustee will need to consider the judgement and whether any further clarification is needed from the Court.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 29 April 2026, the Pensions Schemes Bill received royal assent (becoming the Pension Schemes Act 2026), passing into law legislation which, in relation to validity issues arising from the Virgin Media ruling, gives affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The Verity Trustees v Wood case included questions relevant to the Virgin Media ruling. It therefore remains unclear what impact the Virgin Media ruling would have on the Scheme until the ongoing legal case is completed. Therefore, at this time the Directors have made no allowance for Virgin Media in the obligations for the Plan."

10. Board members and executive directors

Group Board remuneration for the year was:	2026 £	2025 £
Liam Coleman (Chair - appointed 01/06/2024)	**38,272**	30,964
Aubrey Adams (Chair - retired 30/09/2024)	**-**	18,579
Fiona Fletcher-Smith (Chief Executive)	**-**	-
Edward Farnsworth (Executive Group Director - Finance)	**-**	-
Fayann Simpson	**27,895**	27,083
Louise Brooke-Smith	**22,146**	21,501
Maria Da Cunha	**22,146**	21,501
Raj Kumar	**19,752**	19,177
Dominique Kent	**22,146**	21,501
Nigel Hopkins	**26,266**	25,501
	178,623	185,807

Board expenses of £3,736 (2025: £3,882) were incurred in the year.

- The Chief Executive and Executive Group Director - Finance receive no remuneration in respect of being members of the Board
- Remuneration is pro-rated from date of appointment to Board or committee

Directors Emoluments

The directors are defined as the Chief Executive and the Executive Group. The Chief Executive was also the highest paid director.

	Group 2026 £'000	Group 2025 £'000	LQHT 2026 £'000	LQHT 2025 £'000
Emoluments payable to the directors (excluding pension contributions, or cash in lieu payment thereof but including benefits in kind)	**2,223**	1,844	**2,223**	1,844
Pension contributions, or cash in lieu payment thereof, in respect of services as directors	**172**	183	**172**	183
	2,395	2,027	**2,395**	2,027
Emoluments payable to the Chief Executive (excluding pension contributions but including benefits in kind)	**416**	366	**416**	366

Director emoluments do not include any bonuses for the year.

Chief Executive – Fiona Fletcher-Smith

The Chief Executive was a member of the L&Q Housing Trust Staff Benefits Plan (a defined contribution scheme) until 30 June 2021. She was an ordinary member of the Fund and no enhanced or special terms applied. The Chief Executive received cash in lieu of pension payment of £23,040 (2025: £22,380). The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive. A car allowance of £8,500 (2025: £8,500) is included in total emoluments.

During the year, the aggregate compensation for loss of office of key management personnel was £245,745 (2025: £nil). The emoluments of all directors are reviewed and agreed on an annual basis by our Governance & Remuneration Committee. They are based on an individual assessment of pay scales prevailing the market and an assessment of performance against our corporate objectives.

10. Board members and executive directors (continued)

Salary banding for key management personnel, considered as Board members and Executive Directors, earning over £60,000 (including salaries, performance related pay, benefits in kind, compensation for loss of office and pension contributions paid by the employer) is set out below. The amounts are pro rata and reflect the amounts paid during the reporting period while in occupation of a key management personnel role. Full details of key management personnel is set out in the Other Company Information section 5 at the back of these Financial Statements.

	Group and LQHT 2026 No.	Group and LQHT 2025 No.
Salary Banding		
£60,000 to £70,000	-	1
£70,001 to £80,000	-	-
£80,001 to £200,000	-	-
£200,001 to £210,000	1	-
£210,001 to £220,000	-	-
£220,001 to £230,000	1	-
£230,001 to £240,000	-	2
£240,001 to £250,000	-	1
£250,001 to £260,000	-	1
£260,001 to £270,000	-	1
£270,001 to £280,000	1	-
£280,001 to £290,000	-	-
£290,001 to £300,000	3	-
£300,001 to £320,000	-	-
£320,001 to £330,000	-	1
£330,001 to £370,000	-	-
£370,001 to £380,000	1	-
£380,001 to £390,000	-	1
£390,001 to £420,000	-	-
£420,001 to £430,000	-	-
£430,001 to £440,000	1	-
	8	8

11. Tax on surplus on ordinary activities

Current and deferred taxation

The tax expense for the year comprises both current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- The Group is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Current tax				
UK corporation tax	(3)	-	-	-
Total current tax	(3)	-	-	-
Deferred tax				
Net origination and reversal of timing difference	14	5	-	-
Total tax on results on ordinary activities	11	5	-	-

11. Tax on surplus on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 25% (2025: 25%). The differences are explained as follows:

	Group 2026 £m	Group 2025 Restated* £m	LQHT 2026 £m	LQHT 2025 Restated* £m
Surplus/(loss) on ordinary activities before tax	**33**	23	**124**	(37)
Surplus multiplied by 25% (2025: 25%) the standard rate of UK corporation tax	**8**	6	**31**	(9)
Effects of:				
Non-taxable income from investment in Joint Venture	**3**	3	**-**	-
Origination and reversal of timing differences	**-**	-	**-**	-
Non-taxable charitable activities	**(22)**	(14)	**(31)**	9
Total tax (credit)/charge for the year	**(11)**	(5)	**-**	-

*See note 34 for more detail on restatement.

LQHT has charitable status for tax purposes and is exempt from corporation tax on income and gains falling within Sections 466-493 Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Where income and gains received by the Trust do not attract the tax exemption these will be liable to corporation tax at the prevailing rate.

The main rate of corporation tax applicable for the year ending 31 March 2026 was 25% (2025: 25%).

Deferred tax has been provided in the year to reflect the timing difference between the accounting and taxable profits on the revaluation of our investment properties. Although a provision is made it is not expected that the tax charge will materialise in the foreseeable future as the underlying assets are held principally for lettings at market rates. When disposal profits do materialise these profits are gifted to LQHT, effectively creating a tax credit which offsets the current tax. A total deferred tax asset of £33m (2025: £19m) is included in other debtors and is included in note 16a and 16b. The deferred tax liability as at 31 March 2026 has been calculated based on tax rate that is expected to apply to the reversal of the timing differences.


Whalley Manor, Lancashire

12. Fixed assets – Housing properties

Housing properties
Housing properties in the course of construction are stated at either historic or deemed cost on conversion to FRS102. Cost includes the cost of acquiring land and buildings, development costs, and interest charges incurred during the development period. Staff costs and overheads which are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

Under low-cost home ownership arrangements, the Group disposes of a long lease on low-cost home ownership housing units to people who occupy them at a share equal to between 25% and 75% of value. The occupier has the right to purchase further proportions up to 100% at the then current valuation. Low-cost home ownership properties are split between current and fixed assets on sale. The proceeds from the sale of the current asset element ('first tranche') are included in turnover and the related asset expensed through the profit and loss statement as a cost of sale. The remaining element of the property is accounted for as a fixed asset and any subsequent tranche sale treated as a part disposal of a fixed asset, shown in note 6. Social housing grant in respect of low-cost home ownership properties is allocated against the retained element of the low-cost home ownership property and is treated as a deferred grant income, shown in note 20.

The Group operates two flexible intermediate products whereby the tenant can rent the property and then at a future point purchase a portion of the property in the same way that low-cost home ownership schemes operate. The future point of sales is determined by the Group or the tenant depending on the product. Tenants are able to purchase a proportion of their property from day one, to be defined at a later date. These properties have been classified as fixed assets within the housing properties note under the intermediate market rent category unless the tenant has indicated that they wish to purchase a proportion of the property from the outset. This will then be treated as a first tranche sale with the purchased proportion reclassified as a current asset and the associated sales costs taken to cost of sales. For those tenants who rented the property to begin with or wish to purchase further tranches, this will be treated as a part disposal of a fixed asset.

Where land has been acquired with the intention to develop as mixed tenure schemes but the precise mix is yet to be finalised, the land is treated as a fixed asset until certainty of tenure mix is established at which point the portion of land that relates to properties held for sale is transferred to current assets. All other development costs are allocated proportionately based on the floor area of each tenure type intended to be developed at each scheme. Other housing property costs for mixed tenure schemes in management are allocated proportionately based on number of homes of each tenure at the scheme.

Non-component works to existing properties
Non-component works to existing housing properties are capitalised where they relate to stock transferred from local authorities or relate to large-scale regeneration projects and where those properties are below the standards set by Group policies as there is a clear enhancement of the property beyond the standard assessed when the property was first acquired or constructed.

Fixed assets and depreciation
Land (including leasehold land) is not depreciated. Depreciation of housing property components is charged so as to write down the cost of the components to their estimated residual value, on a straight-line basis, over their estimated useful economic lives within the Group. No residual value remains for properties at the end of their useful life.

Housing property components are depreciated from the year following replacement. The ranges of estimated useful economic lives are assumed as follows:

Major components

• Housing properties structure	50-100 years depending on type
• Kitchens	18-20 years
• Bathrooms, electrical, heating windows and doors	20-30 years
• Boilers	15 years
• Roofs	25-65 years

Low-cost home owners and leaseholders are responsible for the costs of maintenance and replacement of components, except in some specific circumstances where management make a policy decision otherwise eg replacement of defective cladding.

All social housing grant (SHG) is amortised to income over 100 years for social housing lettings and over 25 years for low cost home ownership. Accumulated grant amortisation and any grant recognised through the performance method in equity is recorded as a contingent liability in the notes to the accounts (note 24).

Impairment of fixed assets
Social housing properties are held for their service potential and are not held solely for the cash inflows generated. As such, there is no requirement to perform an impairment assessment on initial recognition of those schemes that are developed or acquired and completed in accordance with approved Group policies and planned scheme appraisals.

Housing properties under construction and held for letting are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, a detailed assessment is undertaken to compare the carrying amount of cash generating units for which impairment is indicated to their recoverable amounts. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of a cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets, or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. The Group defines a cash generating unit as a scheme (across mixed tenures) within housing properties. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the Statement of Comprehensive Income.

Where any potential indicator as defined in FRS 102.27 'Impairment of Assets' is identified, a review of the affected scheme is undertaken to determine if an impairment is required.

Section 27.7 of FRS102 states that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. 27.9c requires the entity to assess impairment whereby market interest rates or other market rates of return on investments have increased the period, with those increases likely to materially impact the discount rate used in calculating the value in use of an asset. Interest rates increased during the reporting period and have continued to do so post the reporting period.

In undertaking an impairment assessment, a discount rate of 5.9% has been used as the current cost of borrowing based on the bond information of L&Q's existing debt and the yields (2025: 5.4%). Applying a 0.4% increase on the discount rate to 6.3% would increase impairment calculations by £26m provided in the absence of a change to any other factor affecting the impairment calculation on the Group's developments, such as a change in future development costs.

To determine future income streams rental inflation has been based on independent inflation forecasts and current government rent increase agreements of CPI + 1% for Social Housing and RPI + 0.5% for Low cost home ownership (2025: CPI + 1% for Social Housing and RPI + 0.5% for Low cost home ownership). Over the 100-year discount term this averages out to be 3.0% for Social Housing (2025: 3.0%) and over the 25 year discount term this averages out to be 3.1% for Low cost home ownership (2025: 3.1%).

In assessing impairment the higher of the discounted cashflow or Depreciated Re-placement Cost (DRC) has been used to determine value in use for fixed assets. Calculation of DRC has been based on a 10% reduction based on the open market value of fixed assets. Applying a 15% reduction would increase impairment by £2m (2025: £3m).

Group additions to new housing properties during the year include capitalised interest of £10m (2025: £15m) and capitalised directly attributable internal costs of £27m (2025: £25m). The amount of cumulative interest capitalised in housing properties is not separately identifiable.

Group expenditure on works to existing properties during the year amounted to £415m (2025: £371m) of which £143m (2025: £146m) was capitalised and included as additions to properties held for lettings.

Housing properties - Group	Properties under construction			Properties held for lettings			
*See note 34 for more detail on restatement	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Total £m
Cost							
At 1 April 2025 (as published)	**486**	**191**	**51**	**10,624**	**1,674**	**90**	**13,116**
Restatement*	**(46)**	**44**	**11**	**28**	**(75)**	**20**	**(18)**
At 1 April 2025 (restated)	**440**	**235**	**62**	**10,652**	**1,599**	**110**	**13,098**
Reclassifications	9	(9)	-	-	-	-	-
Reclassifications from/(to) investment properties	-	-	(37)	-	-	-	**(37)**
Schemes completed in the year	(415)	(133)	(17)	408	139	18	**-**
Additions	163	47	5	137	2	4	**358**
Capitalised interest in the year	6	4	-	-	-	-	**10**
Transfer from/(to) current assets	(11)	56	34	-	-	-	**79**
Disposals	(18)	3	1	(409)	(27)	-	**(450)**
At 31 March 2026	**174**	**203**	**48**	**10,788**	**1,713**	**132**	**13,058**
Depreciation							
At 1 April 2025	**-**	**-**	**-**	**1,113**	**5**	**3**	**1,121**
Charge for year	-	-	-	102	-	-	**102**
Eliminated in respect of disposals	-	-	-	(45)	-	-	**(45)**
At 31 March 2026	**-**	**-**	**-**	**1,170**	**5**	**3**	**1,178**
Impairment							
At 1 April 2025 (as published)	59	5	25	90	2	7	**188**
Restatement*	10	(2)	(1)	21	2	1	**31**
At 1 April 2025 (restated)	69	3	24	111	4	8	**219**
Schemes completed in the year	(77)	(12)	(13)	77	12	13	**-**
Charge for year	45	9	3	-	-	-	**57**
Release in the year on disposal	(2)	-	-	-	-	-	**(2)**
Transfer to investment properties	-	-	(13)	-	-	-	**(13)**
Transfer to current assets	(4)	-	-	-	-	-	**(4)**
At 31 March 2026	31	-	1	188	16	21	**257**
Net book value:							
At 31 March 2026	**143**	**203**	**47**	**9,430**	**1,692**	**108**	**11,623**
At 31 March 2025	**371**	**232**	**38**	**9,428**	**1,590**	**99**	**11,758**

For the Group, a total funding value of £10,956m (2025: £11,265m) has been pledged as security on debt.

Housing properties - LQHT	Properties under construction			Properties held for lettings			
*See note 34 for more detail on restatement	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Total £m
Cost							
At 1 April 2025 (as published)	469	241	9	10,311	1,648	86	**12,764**
Restatement*	(61)	2	1	30	(11)	18	**(21)**
At 1 April 2025 (restated)	408	243	10	10,341	1,637	104	**12,743**
Reclassifications from/(to) investment properties	(1)	-	-	-	-	-	**(1)**
Schemes completed in the year	(393)	(137)	(8)	387	142	9	**-**
Additions	161	48	4	137	2	5	**357**
Capitalised interest in the year	5	4	-	-	-	-	**9**
Transfer from/(to) current assets	-	54	(1)	-	-	-	**53**
Disposals	(18)	-	-	(407)	(26)	-	**(451)**
At 31 March 2026	**163**	**212**	5	**10,458**	1,755	**118**	**12,711**
Depreciation							
At 1 April 2025	**-**	**-**	**-**	**1,137**	**4**	**6**	**1,147**
Charge for year	-	-	-	100	1	1	**102**
Eliminated in respect of disposals	-	-	-	(43)	-	-	**(43)**
At 31 March 2026	**-**	**-**	**-**	**1,194**	**5**	**7**	**1,206**
Impairment							
At 1 April 2025 (as published)	55	2	3	74	3	7	**144**
Restatement*	6	1	-	19	1	1	**28**
At 1 April 2025 (restated)	61	3	3	93	4	8	**172**
Schemes completed in the year	(69)	(10)	(4)	69	10	4	**-**
Charge for year	33	16	2	-	-	-	**51**
Release in the year on disposal	(2)	(2)	(1)	1	-	-	**(4)**
Transfer to investment properties	-	-	-	-	-	-	**-**
At 31 March 2026	23	7	-	163	14	12	**219**
Net book value:							
At 31 March 2026	**140**	**205**	**5**	**9,101**	**1,736**	**99**	**11,286**
At 31 March 2025	**347**	**240**	**7**	**9,111**	**1,629**	**90**	**11,424**

In LQHT, a total funding value of £10,472m (2025: £10,533m) has been pledged as security on debt.

12. Fixed assets – Housing properties (continued)

Depreciation

As a result of component replacements and disposals during the year, the Group recognised £11m (2025: £nil) and LQHT £11m (2025: £nil) of accelerated depreciation on housing properties.

Impairment

As a result of the impairment review outlined earlier in this section, the Group recognised £57m (2025 restated: £31m) and LQHT £51m (2025 restated: £25m) of impairment charge on housing properties under construction.

The Group defines a cash generating unit as a whole scheme (across mixed tenures) within housing properties.

13a. Other tangible fixed assets

Group	Freehold office premises £m	Leasehold office premises £m	Office furniture and equipment £m	Computer equipment £m	Total £m
Cost					
At 1 April 2025	**36**	**1**	**7**	**15**	**59**
Additions	-	-	3	1	**4**
Disposals	(5)	1	1	2	**(1)**
At 31 March 2026	**31**	**2**	**11**	**18**	**62**
Depreciation					
At 1 April 2025	**6**	**-**	**4**	**13**	**23**
Charge for year	-	-	1	1	**2**
Eliminated in respect of disposals	(2)	1	1	2	**2**
At 31 March 2026	**4**	**1**	**6**	**16**	**27**
Net book value:					
At 31 March 2026	**27**	**1**	**5**	**2**	**35**
At 31 March 2025	**30**	**1**	**3**	**2**	**36**

LQHT	Freehold office premises £m	Leasehold office premises £m	Office furniture and equipment £m	Computer equipment £m	Total £m
Cost					
At 1 April 2025	**43**	**1**	**7**	**17**	**68**
Additions	-	-	2	2	**4**
Disposals	(5)	-	(1)	-	**(6)**
At 31 March 2026	**38**	**1**	**8**	**19**	**66**
Depreciation					
At 1 April 2025	**14**	**1**	**5**	**15**	**35**
Charge for year	-	-	1	1	**2**
Eliminated in respect of disposals	(1)	-	(2)	-	**(3)**
At 31 March 2026	**13**	**1**	**4**	**16**	**34**
Net book value:					
At 31 March 2026	**25**	**-**	**4**	**3**	**32**
At 31 March 2025	**29**	**-**	**2**	**2**	**33**

Other fixed assets

Depreciation on other fixed assets is charged on a straight-line basis over the expected useful economic lives of the fixed assets to write down the cost less estimated residual values at the following annual rates set out to the right.

Depreciation is charged on Freehold premises owned, however is of a minimal value per annum.

- Freehold premises — 25-100 years
- Short leasehold premises — Shorter of 10 years or life of lease
- Furniture and equipment — 4-8 years
- Motor vehicles — 4 years
- Computer equipment — 3 years
- Service equipment — 5 years

13b. Intangible fixed assets

Group	Computer software £m	Total £m
Cost		
At 1 April 2025	**77**	**77**
Additions	12	**12**
Disposals	-	**-**
At 31 March 2026	**89**	**89**
Amortisation		
At 1 April 2025	**20**	**20**
Charge for year	11	**11**
Eliminated in respect of disposals	-	**-**
At 31 March 2026	**31**	**31**
Net book value:		
At 31 March 2026	58	**58**
At 31 March 2025	**57**	**57**

LQHT	Computer software £m	Total £m
Cost		
At 1 April 2025	**75**	**75**
Additions	10	**10**
Disposals	-	**-**
At 31 March 2026	**85**	**85**
Amortisation		
At 1 April 2025	**20**	**20**
Charge for year	10	**10**
Eliminated in respect of disposals	-	**-**
At 31 March 2026	**30**	**30**
Net book value:		
At 31 March 2026	**55**	**55**
At 31 March 2025	**55**	**55**

During the year, significant additions of £11m Intangible Assets related to implementation of a new finance system and new housing management income system.

Intangible assets

Amortisation on intangible assets is charged on a straight-line basis from the year after the financial purchase is made (or for projects implemented over several years the year after the project is implemented) and spread over the expected useful economic lives of the intangible assets to write down the cost less estimated residual values at the annual rates set out below.

- Software development 3-7 years

14. Investments

14a) Investment in jointly controlled entities (joint ventures)

An entity is treated as jointly controlled entity where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control by virtue of voting rights or degree of influence exercisable.

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the jointly controlled entities. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group.

In the consolidated statement of financial position, the interests in jointly controlled entity undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

14. Investments (continued)

Group	Barking Riverside Ltd £m	Limited Liability Partnerships £m	Associates £m	Total £m
Cost				
At 1 April 2025	**89**	**185**	**-**	**274**
Additions	7	17	-	24
Repayments	-	(44)	-	(44)
At 31 March 2026	**96**	**158**	**-**	**254**
Goodwill				
At 1 April 2025	12	-	-	12
Additions	-	-	-	-
Amortisation	-	-	-	-
At 31 March 2026	**12**	**-**	**-**	**12**
Impairment				
At 1 April 2025	-	-	-	-
Charge for the year	-	-	-	-
Release in the year	-	-	-	-
At 31 March 2026	**-**	**-**	**-**	**-**
Share of reserves				
At 1 April 2025	(33)	(11)	-	(44)
Share of profit/(losses) in the year	(13)	(8)	-	(21)
Profit distributed	-	(11)	-	(11)
At 31 March 2026	(46)	(30)	-	(76)
Net book value:				
At 31 March 2026	**62**	**128**	**-**	**190**
At 31 March 2025	68	174	-	242


D'urton Grange, Preston

14. Investments (continued)

Included in the share of losses from joint ventures reported in the Group statement of comprehensive income of £18m (2025: £10m) are adjustments for intragroup transactions of £3m (2025: £2m). These adjustments are not reflected in the carrying value of investments in jointly controlled entities in the statement of financial position.

Active trading joint ventures, all established in the UK, as at 31 March 2026 were as follows:

Joint venture	Partner(s)	Group interest	Group voting rights	Total investment £m
Jointly controlled entities				
Barking Riverside Limited	Greater London Authority	51%	50%	**59**
BDWZest Developments LLP	BDW Trading Limited	50%	50%	-
Alie Street LLP	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	-
Queensland Road	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	-
Fulham Wharf	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	-
Nine Elms	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	**5**
Academy Central LLP	George Wimpey East London Ltd	38%	50%	-
Chobham Manor LLP	Taylor Wimpey UK Limited	50%	50%	**2**
Countryside Zest (Beaulieu Park) LLP	Countryside Properties (Joint Venture) Ltd	50%	50%	**22**
Countryside L&Q (Oaks Village) LLP	Countryside Four Ltd	50%	50%	**3**
Acton Gardens LLP	Countryside Properties (Joint Venture) Ltd	50%	50%	**3**
Ponton Road LLP	Bellway Homes Limited	50%	50%	**2**
Erith Hills LLP	Anderson Design Limited	50%	50%	**29**
Fairview L&Q PR LLP	Fairview New Homes Limited	50%	50%	**1**
Triathlon Homes LLP	Southern Space Ltd and First Base 4 Stratford LLP	33%	33%	-
Stepney Way 1 LLP	Mount Anvil	50%	50%	-
Stepney Way 2 LLP	Mount Anvil	50%	50%	-
Stepney Way 3 LLP	Mount Anvil	50%	50%	-
Laurus Partnership Homes LLP	Willmott Dixon Construction Limited	100%	50%	**12**
Health Social Innovators LLP	- Numbers for Good Limited - UCL Business PLC	50%	50%	-
Heath Farm Lane LLP	Vistry Linden Limited	50%	50%	**11**
GM Homes SIB Partnership LLP	Eastlands Home Partnership Limited	25%	50%	-
JV North Limited	Homelessness Support LLP	10%	10%	-
Manchester Athena Limited	Various	17%	17%	-
GM JV Fundco LLP	Various	10%	10%	**3**
Laurus Living Space LLP	Various	50%	50%	-
Laurus Lovell Whalley LLP	Wates Construction Limited	50%	50%	**7**
Countryside L&Q (North East Chelmsford) LLP	Lovell Partnerships Limited	50%	50%	**6**
L&Q Hill Brentford (Citroen Garage) LLP	Hill Residential Limited	50%	50%	**23**
Homes for Trafford LLP	Trafford Borough Council	50%	50%	-
L&Q Lovell Trafford LLP	Lovell Partnerships Limited	50%	50%	**2**
Jointly controlled asset				
Beam Park	Countryside Properties (UK) Ltd	50%	50%	-
Total				**190**

14. Investments (continued)

L&Q Group entered into one new joint venture 'L&Q Lovell Trafford LLP' during 2026 (2025: 1). The group has 50% voting rights in most jointly controlled entities (JCE), except for a 33% voting right in Triathlon Homes LLP, 10% in JV North Limited, 17% in Manchester Athena Limited and 10% in GM LV Fundco LLP. Apart from Barking Riverside, which is a limited company, all of the JCEs are limited liability partnerships, therefore not limited by shares. All JCEs have a March year end except for Academy Central LLP, Fairview L&Q PR LLP and Laurus Lovell Whalley LLP which have a 31 December year end; Countryside Zest (Beaulieu) LLP, Countryside L&Q (Oaks Village) LLP and Acton Gardens LLP which have a 30 September year end; and Ponton Road LLP which has a 31 July year end. The Group has a 50% interest through partnership agreements in BDWZest LLP and Zest BDW LLP which in turn each have a 50% interest in BDWZest Development LLP and a 0.5% interest in Alie Street LLP, Fulham Wharf LLP, Queensland Road LLP and Nine Elms LLP.

BDWZest Development LLP has a 99% interest in Alie Street LLP, Fulham Wharf LLP, Queensland Road LLP and Nine Elms LLP. The Group has a one-third interest in Triathlon Homes LLP, which is jointly formed with Southern Space Ltd (part of Southern Housing Group) and First Base 4 Stratford LLP. Triathlon owns or manages 1,379 affordable homes in the former Olympic Athletes Village in Stratford.

14b) Investments - HomeBuy equity loans

HomeBuy is a term used to describe a program of low-cost home ownership products where a loan is provided by the group to the purchaser of a property at a nil interest rate. The program is funded through a combination of government grant and the Group's own funds. The loan made to the purchaser has no fixed repayment date and there are no monthly repayment requirements.

The group shares in any future capital gain realised on redemption of the loan, which will be when the property is sold or if the purchaser chooses to repay the loan without selling the property. In the circumstances where the purchaser chooses to repay the loan without selling the property, the value of the loan to be repaid is based on the property market value at that date. Any future capital loss realised on redemption of the loan is offset initially against the government grant.

In the accounting of the HomeBuy equity loan investment, the group has opted to adopt paragraphs PBE34.90 to PBE 34.97 of FRS 102. All are non-current loans, as they are not redeemable on demand.

The scheme is now closed to new entrants, and there were no new commitments taken up at the year end.

As at 31 March 2026, HomeBuy equity loans amounted to £74m for Group and £75m for LQHT (2025: £78m Group and £78m LQHT) and HomeBuy grant amounted to £67m for the Group and LQHT (2025: £70m).

14c) Investment properties

Investment properties (Private Rented Sector, "PRS") are valued in the year of acquisition or transfer, and subsequently on an annual basis by a qualified RICS Chartered Surveyor. This valuation was prepared in accordance with the RICS valuation – Global Standards (incorporating the IVS International Valuation Standards) 2017 together with, where applicable, with the UK National Supplement effective January 2019 (the "Red Book"). The properties are valued on an open market value basis subject to tenancies.

Changes in the value of market rented properties are taken to the income statement in the period they arise. PRS properties under construction are not classified as investment properties and are stated at cost (see Note 12). All commitments in respect of these are included as capital commitments (see note 26). During the year, a new class of investment property transferred upon completion from fixed assets non-social lettings - this relates to a commercial retail site. This class of investment property is revalued on an annual basis by a qualified RICS chartered surveyor, with changes in value taken to the income statement in the period they arise.

As at 31 March 2026, there are 1,295 investment properties with a value of c.£484m where a first fixed charge has been granted against £300m of secured loans. This has an effect on immediate realisability if they were to be sold, unless the secured loans are repaid.

Investment properties – Market rented	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
At 1 April 2025	**1,178**	1,185	**16**	3
Additions	**-**	-	**-**	-
Transfer from/(to) fixed assets	**24**	34	**-**	12
Revaluation	**(85)**	(40)	**-**	1
Disposal	**-**	(1)	**-**	-
At 31 March 2026	**1,117**	1,178	**16**	16

14d) Investments - Real Lettings property fund

The Real Lettings property fund is a residential property fund providing move-on accommodation for homeless individuals and families in London. The investment was made in instalments with the final instalment made in 2015, bringing the total amount invested to £10m. The fund is managed by Resonance Impact Investment Limited (RIIL) and LQHT receive quarterly distributions recognised in other finance income. Repayments started in 2024, with the outstanding balance being £3m (2025: £3m) at the end of this year.

14e) Equity investment in subsidiaries

All equity investments in subsidiaries are eliminated on consolidation. The amounts presented in LQHT are direct investments in subsidiary undertakings.

As at March 2026, LQHT held £550m in PRS Co Ltd (2025: £550m), £250m in L&Q New Homes Ltd (2025: £250m), £5m in L&Q Energy Ltd (2025: £5m).

15. Land and properties for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Costs comprise of materials and direct overheads attributable to the development. Interest incurred is capitalised from the point of first obtaining planning permission, throughout work in progress and up to the point of practical completion of the development scheme. Net realisable value is assessed using publicly available information and internal forecasts on future sales price after allowing for all further costs of completion and disposal.

Strategic land under development and promotion included as open market sales under construction is valued at the lower of cost and estimated selling price less costs to complete and selling expenses.

Cost includes the purchase of land together with its acquisition expenses and promotional costs associated with developments once the viability of such a development is reasonably secure. Work in progress is appraised within the context of current market values or the expected sale prices achievable over the development period and is reduced to estimated selling price less costs to complete and selling expenses where changes in circumstances indicate full recovery is unlikely. At the date a sale is recognised all costs, including planning and infrastructure costs attributable to that sale, are taken to cost of sales. No interest or directly attributable overheads are capitalised against these strategic land developments.

Group	Land and Properties under construction		Completed properties for sale		
	Low-cost home ownership	Open market sales	Low-cost home ownership	Open market sales	Total
	£m	£m	£m	£m	£m
At 1 April 2025	**113**	**66**	**77**	**15**	**271**
Completed in the year	(45)	34	45	(34)	**-**
Additions	19	49	4	4	**76**
Capitalised interest	1	(1)	-	-	**-**
Transfer (to)/from fixed assets	(54)	(26)	-	1	**(79)**
Disposal	-	(78)	(60)	1	**(137)**
Cost of properties sold	-	-	-	34	**34**
Impairment charge - current assets	-	4	-	-	**4**
Release of impairment on disposal	3	4	-	-	**7**
Net impairment reclassification	-	(4)	-	-	**(4)**
At 31 March 2026	**37**	**48**	**66**	**21**	**172**

LQHT	Properties under construction		Completed properties for sale		
	Low-cost home ownership	Open market sales	Low-cost home ownership	Open market sales	Total
	£m	£m	£m	£m	£m
At 1 April 2025	**103**	**10**	**76**	**1**	**190**
Completed in the year	(45)	(2)	45	2	**-**
Additions	20	1	-	-	**21**
Capitalised interest	1	-	-	-	**1**
Transfer (to)/from fixed assets	(54)	1	-	-	**(53)**
Reclassification	-	-	-	-	**-**
Cost of properties sold	-	-	(60)	(3)	**(63)**
Impairment charge - current assets	-	-	-	-	**-**
Release of impairment on disposal	3	3	-	-	**6**
Net impairment reclassification	-	-	-	-	**-**
At 31 March 2026	**28**	**13**	**61**	**-**	**102**

Net impairment reclassification recognises movements within schemes due to tenure changes and scheme improvements during the year, which are considered change in accounting estimate and not a movement in the overall net realisable value of a scheme.

16a. Debtors due after more than one year

On-lending loans made to subsidiaries by London and Quadrant Housing Trust are classified as a long term debt as formal agreements deem them not to be repayable within one year. These are shown at cost with interest being charged at Bank of England Base rate plus a margin of between 1% and 5% charged at arm's length.

	Group 2026 £m	Group 2025 £m	**LQHT 2026 £m**	LQHT 2025 £m
Amounts owed by subsidiaries	**-**	-	**531**	564
Forward funding of land purchase	**60**	59	**60**	59
Deferred land payments	**8**	8	**-**	-
Shared equity	**2**	2	**2**	2
	70	69	**593**	625

Shared equity relates to loans provided on the same basis as the HomeBuy scheme to leasehold residents covering the shortfall in purchase price as a result of decants for demolition at Ocean Estate.

16b. Debtors

	Group 2026 £m	Group 2025 £m	**LQHT 2026 £m**	LQHT 2025 £m
Amounts receivable within one year:				
Former tenant arrears	**18**	21	**18**	17
Less: provision for bad and doubtful debts	**(18)**	(21)	**(18)**	(17)
	-	-	**-**	-
Current tenant arrears	**53**	51	**49**	51
Less: provision for bad and doubtful debts	**(10)**	(5)	**(7)**	(6)
	43	46	**42**	45
Deferred tax asset	**33**	19	**-**	-
Other debtors and prepayments	**140**	132	**113**	87
Amount owing from subsidiaries	**-**	-	**9**	80
	216	197	**164**	212

Other debtors includes development debtors of £46m (2025: £27m), accrued income of £18m (2025: £40m) and prepayments of £17m (2025: £23m).

17. Cash and cash equivalents

	Group 2026 £m	Group 2025 £m	**LQHT 2026 £m**	LQHT 2025 £m
Cash and cash equivalents	**72**	98	**38**	71

Restrictions on cash and cash equivalents include £18m (2025: £18m) held in debt service reserve and £nil (2025: £3m) as held funds. All cash and cash equivalents mature in three months or less, or are convertible to cash within three months or less. Financial assets pledged as collateral can be replaced subject to negotiations.

18. Creditors: amounts falling due within one year

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Debenture loans (see note 22)	**486**	10	**311**	10
Bank loans and overdrafts (see note 22)	**480**	100	**480**	100
Trade creditors	**5**	15	**3**	-
Other taxation and social security	**7**	8	**5**	5
Accruals and deferred income	**179**	146	**154**	115
Other creditors	**111**	143	**70**	102
Social housing grant (see note 20)	**26**	26	**26**	26
Amounts due to subsidiaries	**-**	-	**17**	102
	1,294	448	**1,067**	459

Trade creditors were significantly paid down at the end of the year in preparation to migrate transactions into our new Finance Management System. Included in other creditors is development related creditors of £82m (2025: £83m) and deferred income of £9m (2025: £18m).

19. Creditors: amounts falling due after more than one year

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Debenture loans (see note 22)	**3,146**	3,457	**2,846**	3,157
Bank loans and overdrafts (see note 22)	**1,020**	1,915	**1,195**	1,915
Total housing loans	**4,166**	5,372	**4,041**	5,072
Net issue premium	**(28)**	(30)	**(28)**	(30)
Loan fair value adjustments	**69**	73	**-**	-
Total loans measured at amortised cost	**4,207**	5,415	**4,013**	5,042
Deferred income	**44**	33	**44**	33
Other creditors	**95**	84	**95**	84
Recycled capital grant fund (see note 21)	**78**	150	**78**	150
	4,424	5,682	**4,230**	5,309

20. Social Housing Grant

Social housing grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred government grant income and released through the profit and loss as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to registered providers of social housing accounting for housing properties at cost, except for grant received in respect of HomeBuy investments, shown in note 14b.

For items where on transition to FRS 102 an election was taken to treat fair value as deemed cost, the performance method for accounting for grant has been applied as the fair value application as deemed cost is treated as a revaluation at the transition date and SHG in respect of those items has been taken to revenue reserves. An amount equivalent to SHG taken to revenue reserves is disclosed as a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed.

On disposal, SHG associated with those properties is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Social Housing Grant – Group	Properties under construction			Properties held for lettings			
	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Total £m
Cost							
At 1 April 2025	**230**	**58**	**-**	**1,876**	**279**	**-**	**2,443**
Reclassification	3	(3)	-	-	-	-	**-**
Schemes completed in the year	(64)	(25)	-	64	25	-	**-**
Received during the year	67	7	-	1	-	-	**75**
Repaid during the year	-	-	-	-	-	-	**-**
Transferred to other registered providers	(5)	-	-	(45)	-	-	**(50)**
Transferred to RCGF Fund	(1)	-	-	(2)	(7)	-	**(10)**
Recycled on disposal	-	-	-	-	-	-	**-**
At 31 March 2026	**230**	**37**	**-**	**1,894**	**297**	**-**	**2,458**
Amortisation							
At 1 April 2025	-	-	-	**295**	**126**	-	**421**
Charge for the year	-	-	-	19	10	-	**29**
Eliminated on disposal	-	-	-	(26)	(3)	-	**(29)**
At 31 March 2026	-	-	-	**288**	**133**	-	**421**
Net book value:							
At 31 March 2026	**230**	**37**	**-**	**1,606**	**164**	**-**	**2,037**
At 31 March 2025	**230**	**58**	**-**	**1,581**	**153**	**-**	**2,022**

20. Social Housing Grant (continued)

Social Housing Grant	Group 2026	Group 2025
Within one year	**26**	26
Greater than one year	**2,011**	1,996
Total	**2,037**	2,022

Social Housing Grant – LQHT	Properties under construction			Properties held for lettings			
	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Total £m
Cost							
At 1 April 2025	**230**	**58**	**-**	**1,915**	**288**	**-**	**2,491**
Reclassification	3	(3)	-	1	(1)	-	**-**
Schemes completed in the year	(64)	(25)	-	64	25	-	**-**
Received during the year	67	7	-	1	-	-	**75**
Repaid during the year	-	-	-	-	-	-	**-**
Transferred to other registered providers	(5)	-	-	(45)	-	-	**(50)**
Transferred to RCGF Fund	(1)	-	-	(3)	(7)	-	**(11)**
Recycled on disposal	-	-	-	1	(1)	-	**-**
At 31 March 2026	**230**	**37**	**-**	**1,934**	**304**	**-**	**2,505**
Amortisation							
At 1 April 2025	**-**	**-**	**-**	**300**	**126**	**-**	**426**
Charge for the year	-	-	-	19	10	-	**29**
Eliminated on disposal	-	-	-	(26)	(3)	-	**(29)**
At 31 March 2026	**-**	**-**	**-**	**293**	**133**	**-**	**426**
Net book value:							
At 31 March 2026	**230**	**37**	**-**	**1,641**	**171**	**-**	**2,079**
At 31 March 2025	**230**	**58**	**-**	**1,615**	**162**	**-**	**2,065**

Social Housing Grant	LQHT 2026	LQHT 2025
Within one year	**26**	26
Greater than one year	**2,053**	2,039
Total	**2,079**	2,065

21. Recycled capital grant fund

The Regulator of Social Housing can direct the Group to recycle SHG or to repay the recoverable capital grant back. Where the grant is recyclable the recoverable capital grant is credited to the recycled capital grant fund (RCGF), which is included as a creditor due either within one year or after more than one year as appropriate.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
At beginning of the year	**150**	128	**150**	128
Grant Repaid	**(94)**	-	**(94)**	-
Net HomeBuy grant abated	**1**	-	**1**	-
Transferred to fund during year	**17**	25	**17**	25
Utilised during the year against new build	**(2)**	(3)	**(2)**	(3)
Interest arising	**6**		**6**	
At end of the year	**78**	150	**78**	150

There are no amounts 3 years old or older where repayment may be required (2025: £nil).

22. Debt analysis – on loans measured at amortised cost

This note provides information about the contractual terms of the Group's and its subsidiaries' interest-bearing loans and borrowings. All loans and borrowings are measured at amortised cost, including those that have embedded derivative financial instruments attached to them whereby the embedded derivative is deemed to be closely related to the host contract.

Debenture and bank loans are secured by way of a first fixed charge over housing properties and include an asset cover test based on the ratio on the value of properties secured to the carrying value of the loan. Bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the statement of comprehensive income, statement of financial position and statement of cashflows.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Creditors falling due within one year				
Debenture loans	**486**	10	**311**	10
Bank loans	**480**	100	**480**	100
	966	110	**791**	110
Creditors falling due after more than one year				
Debenture loans	**3,146**	3,457	**2,846**	3,157
Bank loans and overdrafts	**1,020**	1,915	**1,195**	1,915
	4,166	5,372	**4,041**	5,072
Total housing loans	**5,132**	5,482	**4,832**	5,182

The following is an analysis of the anticipated contractual cash flows for the Group's drawn loans measured at amortised cost and derivative financial instruments held as at 31 March 2026 excluding deferred finance, capitalised costs and fair value adjustments.

Interest is calculated on an undiscounted basis whereby floating rate loans are determined using the prevailing implied forward rates as at 31 March 2026.

Group Debt analysis – interest-bearing loans and borrowings

As at 31 March 2026	Total loans £m	Interest on loans £m	Total £m
Due less than one year	**(966)**	**(198)**	**(1,164)**
Between one and two years	**(749)**	**(168)**	**(917)**
Between two and three years	**(305)**	**(136)**	**(441)**
Between three and five years	**(498)**	**(228)**	**(726)**
In five years or more	**(2,615)**	**(1,043)**	**(3,658)**
Gross contractual cash flows	**(5,133)**	**(1,773)**	**(6,906)**

As at 31 March 2025	Total loans Total	Interest on loans £m	Total £m
	£m	£m	£m
Due less than one year	(110)	(223)	(333)
Between one and two years	(1,556)	(196)	(1,752)
Between two and three years	(364)	(146)	(510)
Between three and five years	(815)	(233)	(1,048)
In five years or more	(2,637)	(1,146)	(3,783)
Gross contractual cash flows	(5,482)	(1,944)	(7,426)

22. Debt analysis – on loans measured at amortised cost (continued)

LQHT Debt analysis – interest-bearing loans and borrowings

As at 31 March 2026	Total loans £m	Interest on loans £m	Total £m
Due less than one year	(791)	(190)	(981)
Between one and two years	(749)	(164)	(913)
Between two and three years	(180)	(132)	(312)
Between three and five years	(498)	(228)	(726)
In five years or more	(2,614)	(1,043)	(3,658)
Gross contractual cash flows	(4,832)	(1,757)	(6,589)

As at 31 March 2025	Total loans £m	Interest on loans £m	Total £m
Due less than one year	(110)	(215)	(325)
Between one and two years	(1,381)	(188)	(1,569)
Between two and three years	(364)	(142)	(506)
Between three and five years	(690)	(229)	(919)
In five years or more	(2,637)	(1,146)	(3,783)
Gross contractual cash flows	(5,182)	(1,920)	(7,102)

The weighted average cost of fixed rate loans was 3.5% (2025: 3.5%), and variable rate loans was 4.7% (2025: 5.4%) inclusive of lending margins. 67% of the Group’s debt, including the use of financial instruments (see note 29) was fixed (2025: 63%). Interest rates on fixed rate debt range from 2% to 11.5% (2025: 2.0% to 11.5%).

	Loans at amortised cost £m	Floating rate £m	Fixed rate £m	Weighted average interest rate %	Weighted average life of loan Years
At 31 March 2026	5,132	1,675	3,457	4.09	8.9
At 31 March 2025	5,482	2,015	3,467	4.09	9

Analysis of changes in net debt - Group

	As at 31 March 2025	Cashflows	Other non- cash movements	As at 31 March 2026
Cash	98	(26)	-	72
Debt due within one year	(110)	870	(1,726)	(966)
Debt due after one year	(5,372)	211	995	(4,166)
Net debt	(5,384)	1,055	(731)	(5,060)

23. Provisions for liabilities and charges

The Group recognises provisions and liabilities of uncertain timing or amounts. Provisions are made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial Position date.

The Group has a diverse portfolio of properties which vary in age, tenure and type, including a number of high rise buildings. All properties were built in accordance with building regulations and accepted practices at the time of being built, however the Group is committed to ensuring continued compliance with the latest health and safety standards. Following fire safety assessments across the portfolio, required remediation works have been identified in order to comply with current and updated government regulation. The Group provides for the costs of fire safety works to the extent that it has a legal or constructive obligation.

The Group does not provide for all forecast health and safety or fire safety works which are considered part of the ordinary course of business of a social housing landlord and form part of the ongoing maintenance programme.

Where there is a legal or constructive obligation to remediate known latent build defects in specific buildings, a provision is calculated using a best estimate derived from detailed cost breakdowns. L&Q Group continually reviews the risks of latent defects across all schemes developed and uses the latest cost estimates available to ensure that the amount of the provision remains appropriate.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
At beginning of the year	**71**	91	**39**	34
Increase in provision	**47**	23	**29**	12
Release of provision	**(40)**	(43)	**(28)**	(7)
At end of the year	**78**	71	**40**	39

An analysis of the movement in each specific provision is set out overleaf.

Major works obligation
The provision in respect of works in relation to fire safety and other major works identified as either legally required or for which the Group had a constructive obligation increased £23m in the year as further inspections have taken place identifying additional works required.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
At beginning of the year	**16**	8	**16**	8
Increase in provision	**23**	8	**23**	8
Release of provision	**(16)**	-	**(16)**	-
At end of the year	**23**	16	**23**	16

Self-insurance reserve provision
A self-insurance amount of £5m that increased by £3m in the year

At beginning of the year	**5**	3	**5**	3
Increase in provision	**3**	2	**3**	2
Release of provision	**(3)**	-	**(3)**	-
At end of the year	**5**	5	**5**	5

23. Provisions for liabilities and charges (continued)

Construction defects
Provision for costs to rectify construction build defects where there is an obligation to correct substandard works at schemes which were built by the Group. There were no new construction defects identified in the year:

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
At beginning of the year	**25**	41	**9**	12
Increase in provision	**2**	-	**1**	-
Release of provision	**(3)**	(16)	**(2)**	(3)
Expenditure against provision	**(11)**	-	**(2)**	-
At end of the year	**13**	25	**6**	9

Customer refunds
A provision for customer refunds where there is an obligation as a result of past liabilities relating to water rate commissions:

At beginning of the year	**4**	4	**4**	4
Increase in provision	**-**	-	**-**	-
Release of provision	**(4)**	-	**(4)**	-
At end of the year	**-**	4	**-**	4

Warranties on newbuild properties
Warranties are provided for completed development homes from date of sale completion for a period of two years and charged to the scheme costs:

At beginning of the year	**6**	7	**6**	7
Increase in provision	**2**	2	**2**	2
Release of provision	**(2)**	(3)	**(2)**	(3)
At end of the year	**6**	6	**6**	6

Joint Venture Defects
A separate category to identify provision for funding our share of Joint Ventures to remedy construction defects that have been identified.

At beginning of the year	**15**	4	**-**	-
Transfer from Construction Defects	**-**	-	**-**	-
Increase in provision	**16**	11	**-**	-
Release of provision	**-**	-	**-**	-
At end of the year	**31**	15	**-**	-

Deferred tax
A deferred tax provision is made for changes in valuation of the Group's Private Rented Sector portfolio..

	Group 2026 £m	Group 2025 £m	**LQHT 2026 £m**	LQHT 2025 £m
At beginning of the year	**-**	23	**-**	-
Increase in provision	**-**	-	**-**	-
Release of provision	**-**	(23)	**-**	-
At end of the year	**-**	-	**-**	-

24. Contingent liabilities

A contingent liability is disclosed for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. This includes a contingent liability reflecting the potential future obligation to repay social housing grant where properties are disposed of.

	Group 2026 £m	Group 2025 £m	**LQHT 2026 £m**	LQHT 2025 £m
At start of the year	**1,862**	1,838	**1,816**	1,791
Increase in the year	**29**	28	**29**	29
Eliminated in respect of disposals	**(8)**	(4)	**(8)**	(4)
At end of the year	**1,883**	1,862	**1,837**	1,816

The decrease in contingent liabilities in the year of £8m (2025: £4m) relates to grant on units that were disposed in the year predominantly through stock transfers.

25. Share capital

	Group 2026 £	Group 2025 £	LQHT 2026 £	LQHT 2025 £
Shares of £1 each issued and fully paid				
At beginning of the year	**7**	7	**7**	7
Issued during year	**-**	1	**-**	1
Cancelled or eliminated during the year	**-**	(1)	**-**	(1)
At end of the year	**7**	7	**7**	7

26. Capital commitments

Capital commitments are disclosed in respect of capital expenditure towards fixed assets which have been contracted and predominantly relate to developments where known contractors have been appointed and which have started on site.

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Expenditure that has been contracted for but has not been provided for in these financial statements	**524**	514	**352**	395
Expenditure that has been authorised by the Governing Board but has not yet been contracted for	**316**	390	**287**	358
	840	904	**639**	753

	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
The Group expects to finance contracted commitments through:				
Social housing grant	**264**	284	**251**	284
Surpluses and borrowings	**260**	230	**101**	111
	524	514	**352**	395

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 2046 is estimated at £1.8bn (2025: £2.0bn) of which £1.4bn or 76% is currently committed (2025: £1.4bn which was 70%).

26. Capital commitments (continued)

Our approved development pipeline has the following projections:

	Group 2026	Group 2025
Homes in the development pipeline	**6,713**	8,877
	£m	£m
Projected pipeline cost	**1,789**	2,006
Projected source of funding		
Social housing grant	**391**	440
Surpluses and borrowings	**1,398**	1,566
	1,789	2,006

27. Commitments under operating leases

Total commitments under operating leases are as set out below:

Land and buildings Operating leases which expire:	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
In less than one year	**1**	1	**1**	1
Between one and five years	**5**	-	**5**	-
After five years	**5**	-	**5**	-
Total	**11**	1	**11**	1

Vehicle leases Operating leases which expire:	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
In less than one year	**2**	2	**2**	2
Between one and five years	**3**	1	**3**	1
After five years	**-**	-	**-**	-
Total	**5**	3	**5**	3

28. Related party transactions

All transactions in respect of tenant board members and other related public or commercial entities are carried out at arm's length and under normal commercial terms. The Group has taken advantage of the exemption contained in FRS 102 33.1(A) Related Party Disclosures and has therefore not disclosed transactions or balances between entities which are 100% owned. Per requirements of the Accounting Direction 2022, transactions between registered providers and other non-registered entities in the Group are disclosed below.

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries for the year ended 31 March 2026:

2026	Sales income	Cost of sales	Operating costs	Gift aid	Loan interest payable	Loan interest receivable	Loan creditors	Loan debtors	Other creditors	Other debtors
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Subsidiaries to LQHT										
Quadrant Construction Services Ltd	135	(132)	-	-	(5)	-	(42)	-	-	19
L&Q New Homes Ltd	27	(49)	(4)	(18)	(3)	-	(46)	-	(11)	-
L&Q PRS Co Ltd	3	(3)	-	-	(24)	-	(400)	-	-	-
L&Q Energy Ltd	-	-	-	-	-	-	-	-	-	-
East Place Ltd	-	-	-	-	-	-	(2)	-	-	1
East Regen Ltd	-	-	-	-	-	-	-	-	-	-
THT and L&Q Developments LLP	8	(13)	-	-	(3)	-	-	-	(1)	-
THT Developments Ltd	-	-	-	-	-	-	(62)	-	-	-
LQHT to non-registered provider subsidiaries	7	(7)	4	18	-	35	-	552	(20)	12

28. Related party transactions (continued)

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries for the year ended 31 March 2025:

2025	Sales income	Cost of sales	Operating costs	Gift aid	Loan interest payable	Loan interest receivable	Loan creditors	Loan debtors	Other creditors	Other debtors
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Subsidiaries to LQHT										
Quadrant Construction Services Ltd	237	(235)	-	-	(4)	-	(36)	-	-	27
L&Q New Homes Ltd	49	49	(5)	(20)	(4)	-	(56)	-	(8)	-
L&Q PRS Co Ltd	1	(1)	-	-	(27)	-	(391)	-	-	-
L&Q Energy Ltd	-	-	-	-	-	-	-	-	-	-
East Place Ltd	-	-	-	-	-	-	(2)	-	-	-
THT and L&Q Developments LLP	6	(6)	-	-	(3)	-	(82)	-	-	-
THT Developments Ltd	6	(6)	-	-	-	-	-	-	-	-
Gallagher Estates Ltd	-	-	-	-	(1)	-	-	-	-	-
LQHT to non-registered provider subsidiaries	8	(8)	5	20	-	40	-	566	(20)	8

28. Related party transactions (continued)

Quadrant Construction Services Ltd operates on a cost-plus basis in recharging all of its direct costs to LQHT as the parent currently using a 2% mark-up (2025: 2%).

All transactions in respect of tenant board members and other related public or commercial entities are carried out at arm's length and under normal commercial terms. Rents received from tenant and leaseholder board members during the year are £7,350 (2025: £7,295) of which £nil (2025: £nil) was included in amounts owing at the year end.

The defined benefit pension schemes are considered to be related parties, transactions between the group and the group's pensions plans are disclosed in note 9.

Through the declaration of interest from key management personnel, the following related party transactions are required to be disclosed (these represent payments made in the year):

- LQHT recharged Barking Riverside Limited (BRL) £30,000 in relation to audit fees, with no amounts outstanding at year end. Ed Farnsworth, Steve Moseley and Victoria Savage are board members of BRL.
- LQHT paid the Centre for London £68,701 in the year in relation to premium membership fee and conferences sponsorship. Fiona Fletcher-Smith is the Chair of Centre for London.
- LQHT was invoiced by Red Loft Housing Consultancy a total of £108,786 during the year relating to consultancy services provided, of which no amounts were outstanding at year end. Victoria Savage's husband is a Partner at Red Loft.
- LQHT was invoiced by Sustainability for Housing a total of £20,000 membership fees during the year, of which no amounts were outstanding at year end. Fayaan Simpson is a board member of Sustainability for Housing.
- LQHT was invoiced by International Distribution Services Plc (former Royal Mail Plc) a total of £105 during the year, of which no amounts were outstanding at year end. Maria da Cunha is a Non-Executive Director at Royal Mail.
- LQHT incurred £1,223,573 of costs by Royal Borough of Greenwich, with an outstanding amount of £90,758 at year end. Fiona Fletcher-Smith's husband is the Executive Director of Housing and Safer Communities at the Royal Borough of Greenwich.
- LQHT made a payment of £18,000 in the year to Shared Ownership Code Ltd, of which no amounts were outstanding at the year end. Steve Moseley is a board member of Shared Ownership Limited.
- LQHT made a payment of £4,317 in the year to Southway Housing Trust, of which no amounts were outstanding at the year end. Sharon Burns is a Non-Executive Director at Southway Housing Trust.
- LQHT made a payment to MHS Homes Limited in the amount of £1,091 in the year with no amount outstanding. Nigel Hopkins is the Chair of the Board of MHS Homes Group, the parent company of Heart of Medway Housing Association Ltd.
- LQHT incurred £43,153 of costs by the Financial Conduct Authority, of which no amounts were outstanding at year end. Liam Coleman held a Non-Executive Director position at the Financial Conduct Authority during the year.

29. Financial instruments

Initial measurement

Initially, financial assets and liabilities are measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss).

Measurement subsequent to initial recognition

Subsequently, financial assets and liabilities (including derivatives) are measured at fair value, with the following exceptions:

- Loans and receivables, held-to-maturity investments, and non-derivative financial liabilities which are measured at amortised cost using the effective interest method
- Financial assets and liabilities that are designated as a hedged item or hedging instrument are subject to measurement under the hedge accounting requirements of the IAS 39.

Fair value is determined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. To calculate fair value, the Group uses:

- Where they exist, quoted market prices in an active market to measure the financial instrument.
- If a market for a financial instrument is not active, the Group will use a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models where in each case it is an acceptable valuation technique that incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

Amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Financial assets that are not carried at fair value though profit and loss are subject to an impairment test. If expected life cannot be determined reliably, then the contractual life is used.

Hedge accounting

There are no current cashflow hedges to report in any of the L&Q Group companies.

Interest on financial instruments is calculated on an undiscounted basis using the prevailing implied forward rates as at the statement of financial position date for the floating rate leg and the fixed rate for the fixed rate leg.

Hedge accounting is applied to financial assets and financial liabilities of the Group where a hedging relationship qualifies for hedge accounting and if, and only if, all of the following conditions are met:

- At the inception of the hedge, or at the point of transition, formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge is in place. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk,
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship, and effectiveness can be reliably measured, and
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated. Under IAS 39 for financial instruments: recognition and measurement, it is necessary to comply with the criteria of 80% to 125% for hedge effectiveness.

Hedging instruments
A hedging instrument is classified as an instrument whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedged items
A hedged item is an item that exposes the Group to risk of changes in fair value or future cash flows and is designated as being hedged. A hedged item may include a single or group of recognised assets or liabilities, a firm commitment, or a highly probable transaction.

Hedged effectiveness
The Group assesses hedge effectiveness both prospectively and retrospectively. To qualify for hedge accounting at the inception of a hedge and, at a minimum, at each reporting date, the cumulative changes in the fair value or cash flows of the hedged item attributable to the hedged risk must be expected to be highly effective in offsetting the cumulative changes in the fair value or cash flows of the hedging instrument on a prospective basis, and on a retrospective basis where actual results are within a range of 80% to 125%.

Accounting treatment – Financial instruments measured at fair value through profit and loss
Some contracts that themselves are not financial instruments may nonetheless have financial instruments embedded in them. An embedded derivative is a feature within a contract, such that the cash flows associated with that feature behave in a similar fashion to a stand-alone derivative.

The Group will separate an embedded derivative from its host contract when:

- The economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The entire instrument is not measured at fair value with changes in fair value recognised in the profit and loss statement.

If an embedded derivative is separated, the host contract is accounted for at amortised cost using the effective rate method and the fair value of the embedded derivative is recognised in profit and loss and disclosed separately in interest payable and similar charges. If the Group is unable to measure the embedded derivative separately, the entire combined contract will be designated at fair value through profit or loss.

Where an embedded derivative is closely related to the host contract, the entire contract shall be accounted for at amortised cost using the effective rate method. All of the Group's embedded derivatives are closely related to the host contract and accounted for at amortised cost.

29. Financial instruments (continued)

Financial instruments	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Financial instruments measured at fair value through profit and loss	-	-	-	-
Total loans measured at amortised cost	**5,173**	5,525	**4,804**	5,152
At end of the year	**5,173**	5,525	**4,804**	5,152

Financial Instrument Risks

The main risk arising from the Group's financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The Group finances its operations through a mixture of retained surpluses, government grant and loan borrowings. The Group manages its exposure to fluctuations in interest rates with a view to achieving a level of certainty in its net interest costs. The Group's interest rate strategy is focused on achieving the prescribed balance between fixed and floating rate debt at an acceptable level of risk and cost. The approved target is to retain between 60% and 70% of drawn debt at a fixed rate. As at 31 March 2026 67% of the Group's debt is fixed.

Cash flow hedges are entered into to hedge exposure to the variability in cash flows attributable to movements in GBP interest rates using GBP interest rate swap contracts whereby the Group agrees to pay interest at a fixed rate and receive interest at a floating rate. The interest rate swaps are designated as a hedge of the variability in the debt interest payments due to changes in the benchmark interest rate (SONIA). This method reflects the risk management objective of the hedging relationship that is to swap a series of future variable cash flows to a fixed rate. The periods in which the hedged variable rates of interest payments are expected to occur are set out in the maturity analysis in note 22. There are no current cashflow hedges to report in any of the L&Q Group companies and hence the movement through the cash flow reserve for the year ended 31 March 2026 was £nil (2025: £nil.)

The Group's cash flow interest rate risk exposure is managed in accordance with treasury policy. As at 31 March 2026 a 1% increase in interest rates would result in an additional charge of £17m (2025: £20m).

Liquidity risk

The Group has a policy to maintain sufficient liquidity in cash and undrawn lending facilities to cover 18 months of operational activity. At the year end 51% of the Group's borrowings were due to mature in more than five years (2025: 48%). The liquidity risk of each Group entity is managed centrally by the Group treasury function in accordance with the Board approved Treasury Plan.

30. Financial assets and liabilities

Financial assets
The Group classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Fair value through profit and loss
Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit and loss.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method.

Provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms. The amount of such a provision is disclosed as the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable item.

A summary of the financial instruments held by category is provided below:

Group	Financial assets at fair value		Financial assets at amortised cost	
Financial assets	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Investment properties and real lettings property fund	**1,120**	1,181	**-**	-
Cash and cash equivalents	**-**	-	**72**	98
Debtors	**-**	-	**286**	266
	1,120	1,181	**358**	364

	Financial liabilities at fair value		Financial liabilities at amortised cost	
Financial liabilities	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Trade and other payables	**-**	-	**423**	422
Loans and borrowings	**-**	-	**5,132**	5,525
Derivatives				
• Designated hedges	**-**	-	**-**	-
• Fair value through profit and loss	**-**	-	**-**	-
	-	-	**5,555**	5,947

30. Financial assets and liabilities (continued)

Valuation
All financial assets or liabilities at fair value are calculated using measurements based on inputs that are observable for the asset either directly or indirectly from prices. All other loans and receivables are shown at amortised cost.

Credit risk
Credit risk applies to all debtor balances, the majority relating to tenant and other arrears which are reported monthly with dedicated teams assigned to manage recovery of those arrears. The Group fully provides for former tenant arrears except where recovery is assessed as likely. Provision against current tenant arrears is made based on experienced loss and the aged profile of the amounts due. More than 70% of the arrears are collected directly from local authorities in the form of housing benefits therefore reducing the Group's exposure to individual tenants' credit risk.

'Arrears' includes rent, service charge and other amounts related to a tenancy sub-account such as major works costs, maintenance recharges and court fees

Arrears provision	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
At beginning of the year	**26**	21	**24**	19
Movement in provision	**1**	5	**-**	5
At end of the year	**27**	26	**24**	24

Arrears	Group 2026 £m	Group 2025 £m	LQHT 2026 £m	LQHT 2025 £m
Less than 30 days	**7**	8	**7**	8
30 to 60 days	**6**	7	**6**	6
60 to 90 days	**5**	6	**5**	6
More than 90 days	**51**	51	**49**	49
	69	72	**67**	69

Included in the above are £18m (2025: £21m) of former tenant arrears which are fully provided for through the statement of comprehensive income.

31. Ultimate holding entity
London & Quadrant Housing Trust is the ultimate holding entity of the Group.

32. Events after the reporting period
On 16th June 2026 the sale of PRS Co Ltd and all its investment properties was completed. For the year ended 31 March 2026 market rent generated 7% of the turnover of the Group, and 16% of the Group's EBITDA-MRI. The value of investment properties held at the year end was £1,117m which represented 8% of the Group's total assets.

33. Details of Disposal of Business Interest

On the 6th August 2024, the L&Q Group completed the disposal of the L&Q Estates group of entities to Urban & Civic. This disposal was deemed to constitute a discontinued operation where control was lost being the entire disposal of the group of strategic land companies under L&Q Estates.

Per FRS102 s9.18 Disposal of Subsidiaries, the loss on disposal has been calculated as follows:

Analysis of the loss on disposal	2025 £m
Cash proceeds	149
Less: repayment of parental debt facility*	(71)
Net sales proceeds	78
Net assets	(195)
Legal and professional fees	(3)
Loss on disposal	(120)

Reconciliation of net cashflow as presented in the Statement of Cashflow	2025 £m
Cash proceeds	149
Less: cash disposed of in the business interest	(66)
Less: Legal and professional fees	(3)
Net cashflow	80

* Repayment of parental debt facility relates to the Group on-lending arrangement that ceased on disposal of the business.

34. Details of Prior Year Restatement

During the year ended 31 March 2026 it was identified that capitalised expenses for staff costs relating to previously completed development schemes had incorrectly been retained on the balance sheet when they should have been impaired or were disposed. A reconciliation was completed which identified an additional £10m of expenditure that should have been released in FY2025, and an additional £38m from multiple years previous to that which has beed adjusted through reserves. A total of £49m has been released from Housing Properties as a result of this restatement exercise. As part of adjustment, the carrying amount of assets within the Housing Property classes have also been changed but this has no additional effect on the total carrying amount of the assets (Note 12).

As previously reported	Group 2025		LQHT 2025	
	Surplus for the Group 2025	Net assets for the Group 2025	Loss for LQHT 2025	Net assets for LQHT 2025
As previously reported in Group Financial Statements	33	5,754	(27)	5,631
Effect of restatement	(10)	(49)	(10)	(49)
As restated	23	5,705	(37)	5,582

Further detailed analysis of impact of adjustment

	Group 2025 as reported	Adjustment	Group 2025 as restated	LQHT 2025 as reported	Adjustment	LQHT 2025 as restated
Statement of comprehensive income						
Cost of Sales	(176)	(2)	(178)	(116)	(4)	(120)
Operating Costs (impairment of housing properties)	(657)	(6)	(663)	(617)	(6)	(623)
Change in revaluation of investment property	(40)	(2)	(42)	1	(2)	(1)
Statement of financial position						
Housing Properties	11,807	(49)	11,758	11,473	(49)	11,424
Revenue Reserve	(4,001)	49	(3,952)	(3,695)	49	(3,646)

35. Group entities

The entities forming the Group are:

Entity	Status	Activity
London & Quadrant Housing Trust IP030441	Registered in England & Wales under Co-operative and Community Benefit Societies Act 2014	Registered social landlord and public benefit entity and the ultimate parent of the Group
L&Q New Homes Limited 04828168	Limited company registered in England and Wales	Property development and housing for open market sales
Quadrant Construction Services Limited 04810293	Limited company registered in England and Wales	Provision of design and build services and acting as principal contractor to members of Group
L&Q PRS Co Limited 09293606	Limited company registered in England and Wales - this company was sold in June 2026	Management and ownership of properties available for lettings in the private rental market
L&Q Living Limited IP27902R	Registered in England & Wales under Co-operative and Community Benefit Societies Act 2014	Provision of care services and supported housing
L&Q Energy Limited 11706403	Limited company registered in England and Wales	Energy services company providing heat and power
East Thames Partnership Limited 04701731	Limited company registered in England and Wales	Delivery of housing for sale (inactive)
East Regen Limited 04660100	Limited company registered in England and Wales	Development, design and construction of housing schemes

35. Group entities (continued)

The entities forming the Group are:

Entity	Status	Activity
East Place Limited 04301063	Limited company in England and Wales	Property management and partner in Triathlon Homes LLP
THT Developments Limited 09201999	Limited company by shares registered in England and Wales	Property development
THT and L&Q Developments LLP OC415539	Limited Liability Partnership	Partnership between THTD Ltd and L&Q New Homes for property development

Audit Exemptions for the year ended 31 March 2026

Under s479 of the Companies Act 2006, the following subsidiary companies are exempt from the requirements of audit of their individual company accounts, through the application of a parental guarantee for the year ended 31 March 2026:

i) THT Development Limited - Company Registration Number: 09201999
ii) THT and L&Q Developments LLP - LLP Registration Number: OC415539

Under s477 of the Companies Act 2006, the following subsidiary companies are exempt from the requirements of audit of their individual company accounts as they qualify as a small company for the year ended 31 March 2026:

i) East Regen Limited - Company Registration Number: 04660100
ii) East Place Limited - Company Registration Number: 04301063

36. Glossary including alternative performance measures

This section provides a glossary of unfamiliar or uncommon terms used throughout these financial statements and sets out definitions of non-GAAP measures and reconciliations to the nearest measure in accordance with FRS102.

The alternative performance measures ('APMs') used may not be directly comparable with similarly titled measures used by other companies, including those in the same industry. Management use these measures because they provide useful insight and monitoring of performance, as well as comparability to other registered providers where they report under the same metrics. APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with FRS102.

Exceptional items: The Group's strategic report identifies operating surplus before exceptional items. The Board believe that the presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance. This also facilitates comparison with prior periods to assess trends in financial performance more readily. The Group applies judgement in identifying significant non-recurring items of income and expenditure that are recognised as exceptional to help provide an indication of the Group's underlying performance. In determining whether an event or transaction is exceptional in nature, management considers quantitative as well as qualitative factors such as frequency or predictability of occurrence. There were no exceptional items in the year ended 31 March 2026 (2025: one relating to the disposal of a business interest).

Development pipeline: This is the current and future portfolio of approved construction projects.

Homes enabled: Includes homes expected to be built on land sold by L&Q in the period, based on outline or detailed planning permission at the point of land sale. These exclude land sold within the L&Q Group and social homes on land sold to a third party where L&Q is acquiring the social homes.

Occupancy: Applies only to general needs and calculated as occupied units as a percentage of the sum of occupied units and vacant units that are available for letting.

Net debt: The sum of debt due within one year + debt due after one year less cash and cash equivalents.

Units managed: Units include homes as well as non-habitable units such as garages, parking spaces and sheds.

Social value: A measure of value for money related to community investment activities. It goes beyond financial value - it is about doing things that make people's lives better and contribute to the overall wellbeing of communities

Sector scorecard; An initiative to benchmark housing associations' performance and check they are providing value for money. The measures used include the standard metrics as set out by the Social Housing Regulator to support the Value for Money Standard for Registered Providers of Social Housing. These may therefore be on a different basis to similar financial measures and can include relevant comparable information to aid understanding of performance.

TUPE: stands for Transfer of Undertakings (Protection of Employment). These regulations provide a legal framework to protect employees when their employer changes due to a transfer of business, or outsource of service.

Calculations of the key measures included in the sector scorecard are below:

Sector scorecard	L&Q 2026
Operating margin (overall - RSH calculation) - Note 3a calculated as operating surplus excluding gain/(loss) on disposal of fixed assets, share of joint venture results and revaluation of investment properties ÷ turnover	£175m ÷ £1,027m = 17%
Operating margin (social housing lettings "SHL" only - RSH calculation) - Note 3a calculated as SHL operating surplus excluding gain/(loss) on disposal of fixed asset, share of joint venture results and revaluation of investment properties ÷ SHL turnover	£217m ÷ £777m = 28%
EBITDA MRI (as % of interest - L&Q calculation) EBITDA MRI represents earnings before interest, tax, depreciation and amortisation adding back major repair capitalised costs calculated as EBITDA MRI ÷ net cash interest payable x 100	£306m ÷ £214m = 143%
Gearing as prescribed in the current Sector Scorecard calculated as net debt ÷ carrying value of housing properties x 100 where net debt represents total bank and debenture loans less cash and cash equivalents	£5,060m ÷ £11,623m = 44%
Return on capital employed calculated as total operating surplus including gain/(loss) on disposal of fixed assets and share of operating surplus/(deficit) in joint venture or associates ÷ total fixed assets + total current assets less current liabilities at end of year	£330m ÷ £12,341m = 2.7%
Ratio of responsive repairs to planned maintenance calculated as routine maintenance as a percentage of planned maintenance + major repairs expenditure + capitalised major repairs and re-improvements expenditure	£194m ÷ (£77m + £139m) = 90%
Headline social housing cost per unit Total social housing cost (per note 3) Total social housing homes (per note 4) Total	£694m ÷ 86,626 = £8,011
Management cost per unit Total management cost (per note 3) Total social housing homes (per note 4) Total	£82m ÷ 86,626 = £947
Service charge cost per unit Total service charge cost (per note 3) Total social housing homes (per note 4) Total	£109m ÷ 86,626 = £1,258
Maintenance cost per unit Total routine maintenance + planned maintenance cost (per note 3) + capitalised major repairs per (note 12) Total social housing homes (per note 4) Total	(£194m + £77m + £139m) ÷ 86,626 = £4,733
Other social housing costs per unit Total other social housing cost (per note 3) Divided by total social housing homes (per note 4) Total	£93m ÷ 86,626 = £1,074
Overheads as % of adjusted turnover Calculated as overheads ÷ turnover excluding amortised grant, adjusted for cost of sales x 100	£100m ÷ £960m = 10%

36. Glossary including alternative performance measures (continued)

Streamlined Energy and Carbon Reporting (SECR) Methodology

In line with the GHG Protocol Corporate Accounting and Reporting Standard, greenhouse gas (GHG) emissions are reported separately as scope 1 (direct emissions), scope 2 (indirect emissions from purchased electricity) and scope 3 (all other indirect emissions) using a carbon dioxide equivalent. A carbon dioxide equivalent is used to enable the global warming potential (GWP) of a variety of GHGs to be combined and reported using a single, standardised unit of measurement.

In accordance with SECR reporting recommendations, the UK Government's 2025 GHG Conversion Factors have been used to convert energy consumption and fuel usage into carbon emissions figures. In line with SECR requirements, Scope 3 emissions included within this disclosure are limited to employee business mileage.

All electricity and gas consumption figures have been extracted directly from supplier invoices, with the exception of energy supplies to void units. However, some electricity consumption data was incomplete towards the end of the reporting year, particularly for March 2026, due to missing invoices, meter reading gaps and supplier data limitations. Where data was unavailable, estimates were applied using available actual consumption data and historical consumption patterns. We continue to work with suppliers to improve data completeness and reduce reliance on estimated consumption in future reporting periods.

Since 2022, L&Q construction sites have recorded electricity consumption monthly on third-party software. This data was extracted and used to account for electricity consumption. There has also been an improvement in obtaining gas consumption data for construction sites directly from the energy provider.

Electricity and gas consumption data provided by our supplier was subject to a manual validation process to assess supplies reporting zero consumption. This review identified supplies that were de-energised, unbilled or permanently closed and ensured these were treated appropriately within the reporting dataset. For electricity, estimated annual consumptions (EACs) totalling 309,211 kWh were applied across 51 supplies. For gas, EACs totalling 227,919 kWh were applied across eight supplies where appropriate.

For voids data, we relied on our internal team's reporting from Power BI. For this financial year, our methodology used 2024/25 average consumption data provided by our supplier, together with the total number of void properties and the average number of days homes were empty during the year. Our void management software now provides a more accurate measure of average turnaround time, replacing the assumptions used in previous years. As a result, the reported average turnaround time has increased, despite a broadly similar volume of units, leading to a corresponding increase in estimated void-related energy consumption. Given the difficulties associated with capturing this data, this methodology was agreed in consultation with internal stakeholders. We are working with suppliers to improve the availability and quality of this data going forward, which may lead to further refinements in reported figures in future years.

In our calculation of emissions from employee mileage, we classified 'LPG' and records with insufficient vehicle information as 'average car' and applied the corresponding GHG Conversion Factors.

The quantity of transport fuel used by L&Q's vehicle fleet, covering activities such as direct maintenance, caretaking and facilities, has been extracted from fuel card and fleet management software.

The amount of transport fuel used by employees for business purposes, i.e. grey fleet, has been estimated using consolidated mileage claims data and the corresponding vehicle specification information provided. Where specific vehicle information was unavailable, the GHG Conversion Factors for average passenger vehicles have been applied.

All renewable electricity purchased is backed by Renewable Energy Guarantees of Origin (REGOs) in accordance with SECR reporting guidance.

To reflect L&Q's role as both a housing association and developer, carbon intensity is calculated as L&Q's total carbon emissions divided by the total number of residential units owned, managed, completed or under construction as at 31 March of the relevant financial year.


Beam Park, London

05 Other company information

Executive Directors

Fiona Fletcher-Smith (Chief Executive)

Edward Farnsworth (Group Finance Director)

Steve Moseley

Tom Nicholls

David Lewis

Sharon Burns (appointed 12 January 2026)

Aly Heald (appointed 20 April 2026)

Matt Foreman (resigned 23 January 2026)

Vicky Savage (resigned 31 July 2025)

Secretary and registered office

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Stratford, E15 4PH

Statutory auditor

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Bank

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Registrations

Registered Society number: 30441R
Regulator of Social Housing number: L4517

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