FitchRatings

Public Finance
Government-Related Entities
United Kingdom

Peabody Trust

Fitch Ratings views Peabody Trust as a government-related entity (GRE) of the UK (AA-/Stable). Fitch has 'Strong Expectations' of support from the state for Peabody. Combined with a Standalone Credit Profile (SCP) assessed at 'a-', which is three notches below the sovereign, this leads to a one-notch uplift for the Issuer Default Rating (IDR) to 'A'.

Continuing high demand for social and affordable housing, and cash flow from rented properties continues to support Peabody's credit, despite a challenging economic environment. Fitch expects financial metrics to improve through the rating case, driven by deleveraging from disposal and better EBITDA margins from merger efficiencies and closer links between cost and revenue increases.

Key Rating Drivers

Support Score Assessment – 'Strong Expectations': This reflects our expectation that support would be possible and that there are 'Strong Expectations' of exceptional support in the event of financial distress. This is reflected in a score of 20 points (of a maximum of 60) under our *Government-Related Entities Rating Criteria*.

Responsibility to Support – 'Strong': We assess both responsibility-to-support factors – decision-making and oversight, and precedents of support – as 'Strong'. This assessment is supported by the sector being highly regulated, with a history of regulator intervention to prevent default. The sector receives continuous support from central and local governments through grants to build new homes, regenerate obsolete homes and maintain existing homes to a required standard.

Incentives to Support – 'Strong': Fitch assesses one incentive-to-support factor – preservation of government policy role – as 'Strong' considering that social housing is a key public service, and the default would not disrupt the provision of services in the short term, but it could affect the sector in the medium term by limiting the availability of funding for maintenance capex and new investment.

We assess contagion risk as 'Not Applicable', considering default would have little impact on cost of debt for the sponsor. However, limiting access to markets for the sector could have a profound impact on continued provision of the service and delivery of a public policy mission.

Standalone Credit Profile – 'a-': Peabody's SCP reflects the combination of a 'Stronger' risk profile and a financial profile that we assess in the 'bbb' category. Peabody has had weaker performance historically, with net debt/EBITDA peaking into the financial year to 31 March 2024 (FY24) at around 15x.

Fitch does not see this as representative of Peabody's underlying financial health, with leverage ratios expected to improve towards 10x by FY29. We expect net debt to remain stable at around GBP4.6 billion to FY29.

Ratings

Foreign Currency	
Long-Term IDR	A
Short-Term IDR	F1+
Local Currency	
Long-Term IDR	A
Short-Term IDR	F1+
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
Debt Ratings	
Senior Secured Debt - Long-Term Rating	A

Issuer Profile Summary

Peabody is one of the largest providers of social housing in the UK, with more than 109,000 units owned and managed. It predominantly operates in London and has a core number of assets in counties to the north and the south of the capital.

Financial Data Summary

(GBPm)	2024	2029rc
Net adjusted debt/ EBITDA (x)	14.7	10.3
EBITDA/gross interest coverage (x)	1.4	2.3
Operating revenue	972	1,166
EBITDA	319	456
Net adjusted debt	4,702	4,682
Total assets	13,180	-

rc: Fitch's rating-case scenario
Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Applicable Criteria

Government-Related Entities Rating Criteria (July 2024)

Public Policy Revenue-Supported Entities Rating Criteria (January 2024)

Related Research

Strategy Shift Drives UK Social Housing Provider Downgrades (November 2024)

UK Social Housing Dashboard: Broad Stability, Declining Margins (December 2023)

UK Social Housing Sector Faces Challenges, Rent Cap Headroom Limits Decline (December 2022)

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Rating Synopsis

Peabody Trust Rating Derivation

Summary	
Government LT IDR	AA-
GRE Standalone Credit Profile (SCP)	a-
Support category	Strong expectations
Notching expression	Bottom up +1
Single equalisation factor	No
GRE LT IDR	A

GRE Key Risk Factors and Support Score	
Responsibility to support	10
Decision making and oversight	Strong
Precedents of support	Strong
Incentives to support	10
Preservation of government policy role	Strong
Contagion risk	N/A
Support score	20 (max 60)

Standalone Credit Profile	
Risk profile	Stronger
Revenue risk	Stronger
Expenditure risk	Stronger
Liabilities and liquidity risk	Stronger
Financial profile	bbb
Qualitative factors adjustments	Neutral
GRE SCP	a-

LT IDR – Long-Term Issuer Default Rating; GRE – Government-related entity
Source: Fitch Ratings

Support score / Distance	>=45	35-42.5	30-32.5	20-25	15	12.5	<=10
SCP > IDR	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap
0	0	0	0	S-A	S-A	S-A	S-A
-1	0	0	0	+1/S-A	S-A	S-A	S-A
-2	0	0	0	+1	S-A	S-A	S-A
-3	0	0	-1	+1	S-A	S-A	S-A
-4	0	-1	-2	+1	S-A	S-A	S-A
-5	0	-1	-2	+2	+1	S-A	S-A
-6	0	-1	-2	+3	+2	+1	S-A
-7	0	-1	-2	+4	+2	+1	S-A
-8	0	-1	-2	+4	+3	+1	S-A
-9	0	-1	-2	+5	+3	+1	S-A
-10	0	-2	-3	+5	+3	+1	S-A

Stylized Notching Guideline Table: refer to GRE criteria for details

Analytical Outcome Guidance Table

Risk profile	Financial profile					
Stronger	aaa or aa	a	bbb	bb	b	
High Midrange	aaa	aa	a	bbb	bb	b
Midrange		aaa	aa	a	bbb	bb or below
Low Midrange			aaa	aa	a	bbb or below
Weaker				aaa	aa	a or below
Vulnerable					aaa	aa or below
Suggested analytical outcome	aaa	aa	a	bbb	bb	b

Government LT IDR	GRE SCP	GRE LT IDR
AAA	aaa	AAA
AA+	aa+	AA+
AA	aa	AA
AA-	aa-	AA-
A+	a+	A+
A	a	A
A-	a-	A-
BBB+	bbb+	BBB+
BBB	bbb	BBB
BBB-	bbb-	BBB-
BB+	bb+	BB+
BB	bb	BB
BB-	bb-	BB-
B+	b+	B+
B	b	B
B-	b-	B-
CCC+	ccc+	CCC+
CCC	ccc	CCC
CCC-	ccc-	CCC-
CC	cc	CC
C	c	C
RD	rd	RD
D	d	D

The ‘a-’ SCP is driven by our assessment of a ‘Stronger’ risk profile and ‘bbb’ financial profile, and comparison with peers in the sector. We view Peabody as a GRE in the UK, with a support score of 20 points, based on our assessments. This results in a bottom-up approach, with a one-notch uplift from the SCP to the ‘A’ Long-Term IDR.

Peabody’s ‘F1+’ Short-Term IDR reflects the combination of a ‘Stronger’ revenue risk and a strong liquidity ratios.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A sustained improvement in net debt/EBITDA towards 10x in the medium term or a change in the assessment of the key rating factors.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A multi-notch downgrade of the sovereign to ‘A’, which Fitch views as unlikely, inability to improve net debt/EBITDA below 12x on a sustained basis or an adverse change to the assessment of the key rating factors could result in a downgrade.

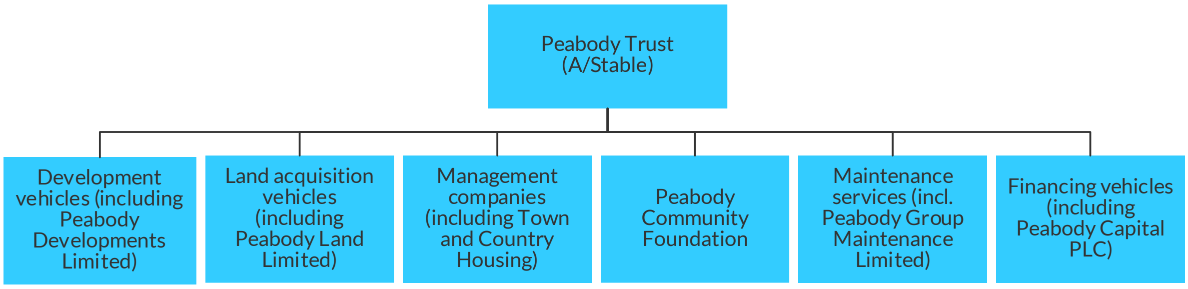
Issuer Profile

Peabody is one of the largest providers of social housing in the UK, with more than 109,000 units owned and managed. It predominantly operates in London but has a core number of assets in counties to the north and south of the capital, as it is required to maintain their primary geographic presence in the south-east. Peabody has a wide distribution of assets, covering many demographics with a diverse customer base, they have large opportunities for development and expansion.

Peabody was established in 1862 through the donation of a wealthy businessman establishing Peabody Trust, and has grown both organically and through mergers since. The latest merger was completed in 2023 between Peabody and Catalyst Housing Limited.

The overall structure of Peabody is similar to other registered providers (RPs), with a parent entity overseeing three separate sections of the business – Peabody Trust, TCH (the group’s wholly owned subsidiary operating in Kent and Sussex), and Peabody Developments Limited, which owns newly built social housing on an interim basis until all units on a scheme or phase are completed.

Structure Diagram



Note: This is a simplified structure diagram and excludes several subsidiaries.
Source: Fitch Ratings

Support Rating Factors

Summary

Responsibility to support		Incentives to support			
Decision making and oversight	**Precedents of support**	**Preservation of government policy role**	**Contagion risk**	**Support score**	**Support category**
Strong	Strong	Strong	n.a.	20 (max 60)	Strong Expectations

Source: Fitch Ratings

Decision Making and Oversight

As a private, not-for-profit social housing RP in the UK, Peabody is not owned by the UK government due to its structure and status. In strict terms, it has no legal owner, with all surpluses reinvested to provide social housing. We view the regulatory framework for English social housing as robust and the Regulator of Social Housing as maintaining sound control and tight monitoring of RPs.

Precedents of Support

Peabody consistently receives financial support through grants from Homes England and the Greater London Authority for social, affordable and shared ownership development. This is to support additional subsidised housing or the regeneration of existing estates, rather than to finance debt or prevent default. Policy influence is supportive of the financial stability of RPs, with very few entering financial difficulties and none reaching a default. Regulatory restrictions on government support are unlikely to prevent timely intervention in exceptional circumstances.

Preservation of Government Policy Role

Social housing is a major public service. A default of Peabody would have no immediate impact on the service but over the medium term could affect external financing that RPs rely on for maintenance capex and new investments. While other RPs could act as substitutes in the event of default by Peabody, reduced access to financing and subsequently diminished financial resilience would lead to a decline in medium-term service provision.

Contagion Risk

Default would have a minimal impact on the availability and cost of domestic financing for the UK. Fitch considers that if a default occurred, it would be treated as an isolated case of mismanagement or viability concerns. Consequently, this should not affect the sector at large. However, it could raise questions about the role of the regulator and sponsor.

Standalone Credit Profile Assessment

Peabody's 'a-' SCP reflects the combination of a 'Stronger' risk profile and a financial profile assessed in the 'bbb' category.

Risk Profile Assessment

Summary

Revenue risk	Expenditure risk	Liabilities and liquidity risk	Operating environment score	Risk profile
Stronger	Stronger	Stronger	aa	Stronger

Source: Fitch Ratings

Fitch assesses Peabody's risk profile as 'Stronger', reflecting the combination of assessments:

Revenue Risk: Stronger

Demand in the UK for social housing is high and sustained, and any change in the rents that RPs are able to charge is unlikely to materially affect demand. High demand is unlikely to be affected by economic pressures. Social housing is counter-cyclical to the UK economy, meaning that demand strengthens in a downturn.

Fitch assesses pricing as 'Stronger' despite a lack of flexibility in setting social and affordable rents. Peabody has flexibility over pricing from its non-social housing activity, which it uses to cross-subsidise the core business. We believe the regulatory framework will maintain compensation for services at a level that supports the solvency of the sector. Social housing lettings generate 77% of Peabody's revenue, while non-social means and shared ownership account for the remainder.

Demand Characteristics: Stronger

There is very high demand for housing nationwide. In 2023, there were more than 1.2 million households registered on local authority housing waiting lists in England according to Gov.UK. The projected growth in population for England is 3.5% from mid-2020 to mid-2030, according to the Office for National Statistics. The latest studies all suggest a housing supply gap of between one million and 1.5 million homes across the UK. Development at the current rate would not provide the necessary capacity in the near future, and this is without factoring in the expected decline in development as a result of the requirements to reinvest. In London, where Peabody predominately operates, the population is growing rapidly and market rents are much higher than elsewhere in the country.

Pricing Characteristics: Stronger

Social rent increases are governed by the rent standard, with which the RSH expects RPs to comply. The current standard applies from April 2020 to March 2025 and allows for annual increases capped at the Consumer Prices Index (CPI) plus 1%, where CPI is assessed in the September prior to the increase. In November 2022, the government announced a 7% cap on social rent increases, to be applied from April 2023 for one year. We believe the cap will continue to support solvency in the sector and has limited impact on our 'Stronger' assessment of pricing.

The majority of Peabody's revenue is from social housing lettings with capped prices (77%), though there is some uncapped market activity. Market activity allows for greater flexibility over pricing, but is riskier. This uncapped market activity, at a limited level, has a positive impact on our assessment of pricing, but could weaken our assessment of demand if the RP becomes very reliant on it, as the demand risk is higher.

Most RPs now focus future development on shared ownership, rather than open market sale assets. This allows the RP to access grant funding to limit their own exposure, and still sell a portion of the asset and realise market returns. In FY24, around 11% of revenue was generated through shared ownership sales. Peabody's exposure to market risk is limited, but we will continue to monitor this closely amid expectations of a downturn in the UK housing market.

Revenue Breakdown Excluding Non-Cash Items, 2024

	(GBPm)	% of operating revenue
Social housing lettings	751	77
Other SH revenue	129	13
Market sale	28	3
Other non-SH revenue	64	7
Other operating revenue	0	0
Operating revenue	**972**	**100**
Interest revenue	4	-
Capital revenue	340	-
Memo: Non-cash operating revenue	0	-

Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Expenditure Risk: Stronger

Peabody has well-identified cost drivers and low potential volatility in major items. The largest items in opex are staff (29%) and maintenance costs (26%), over which Peabody has control. It has no material supply constraints on labour or resources. Along with the wider sector, Peabody faces heavy cost pressures due to previously high inflation. UK inflation was at record levels in 2022 but has been mostly falling since February 2023.

Peabody has a clear and documented capital planning process, with a phased approach to its development strategy and it monitors projects on a regular basis. It has limited required capex (building safety), and all other capex is flexible in timing and delivery. Peabody has invested about GBP276 million of capital spending on building safety improvements since 2018 with additional budgeted. By end-FY24, almost 80% of Peabody's existing homes had energy performance certificates of C or above. GBP50 million is being spent to improve the energy efficiency of thousands of homes through the second wave of the Social Housing Decarbonisation Fund, with GBP25million in matched contributions.

Operating Costs and Supply Risk: Stronger

Fitch assess operating costs as 'Stronger' for Peabody. Its costs are well-identified and show low volatility. Peabody also enjoys a high degree of flexibility on its investment and maintenance programmes, if needed. Peabody faces significant cost pressures as a result of inflation, with the UK recording double-digit CPI between September 2022 and March 2023. Some costs have risen more than inflation, particularly construction, labour and materials, and energy.

Peabody has the flexibility to curtail some discretionary expenditure, or reduce spending on non-essential work. However, reducing repairs and maintenance work is not sustainable over the long term, and will likely increase future costs. Fitch expects maintenance and major repair costs to remain a priority for Peabody as it continues to invest in its existing stock. We expect this trend to continue, for many RPs, as the current economic conditions are making it increasingly difficult to build new homes and improve the existing stock. The sector has had to respond to changes in fire safety regulations, government decarbonisation requirements, maintenance backlogs following the Covid-19 lockdowns and several high-profile maladministration findings from the Housing Ombudsman relating to damp and mould.

Investment Planning: Stronger

Fire safety is a significant challenge to the sector. In the aftermath of the Grenfell Tower disaster, there have been, and will continue to be, major changes in regulation relating to building safety, particularly around cladding, building complexity, sprinklers and fire doors. The largest cost implications have been for London-based RPs with high-rise accommodation, whose leverage metrics have weakened as a result. Peabody has spent GBP276 million over six years on fire and building safety.

Damp and mould issues are expected to worsen as the weather gets colder over winter, and as tenants are reluctant or unable to turn on central heating or ventilate their homes due to high energy costs. We believe providers will need to make substantial investments into their existing stock in order to resolve issues, ensure tenant safety and satisfy the regulator.

Capital plans are closely monitored by the RSH through the annual financial forecast returns submissions, and the regulatory assessments undertaken every 18-24 months. The risk of cost overrun is limited as construction processes are well established and thoroughly planned. The board will only agree to commit to a development project if funding is secured and liquidity policy measures are met.

In FY24, Peabody completed 1,381 homes. Of those, 322 were for social rent, 313 were for London Affordable Rent, 91 were for affordable rent outside of London, 16 were intermediate market rent and 478 were for low-cost ownership, including shared ownership, shared equity and rent-to-own or buy. A total of 161 were for market sale, helping to fund social homes.

Expenditure Breakdown Excluding Non-Cash Items, 2024

	(GBPm)	% of operating expenditure
Staff costs	187	29
Goods, services and maintenance costs	171	26
Service charge costs	113	17
Other operating expenditure	182	28
Operating expenditure	**653**	**100**
Interest expenditure	176	-
Capital expenditure	714	-
Memo: Non-cash operating expenditure	165	-

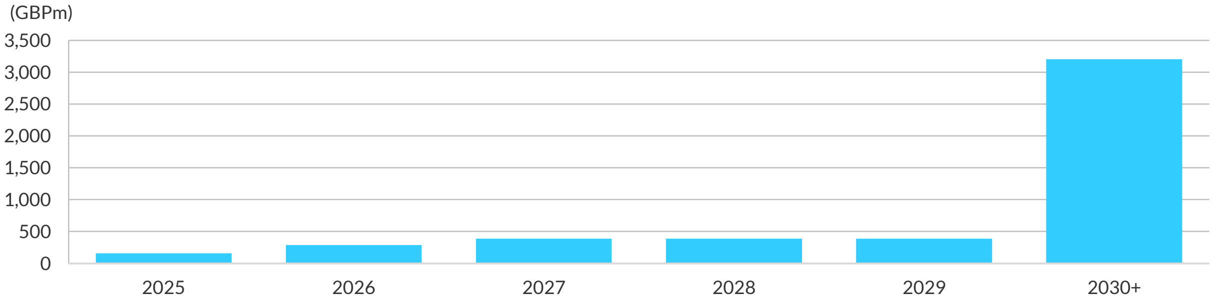
Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Liabilities and Liquidity Risk: Stronger

Peabody has around GBP4.8 billion total debt. It operates in a fully developed financial market with full access to banks, debt capital markets and private placements. Around 75% of net debt is fixed rate, limiting exposure to fluctuations in the capital markets. Overall, Peabody has a strong debt profile with smooth and long-term repayment (weighted average life of debt is over six years) with little short-term debt. There are no off-balance-sheet risks.

The sector has general access to finance, with institutional investors and banks widely available. At end-FY24, Peabody had GBP1,198 million (end-FY23: GBP1,608 million) undrawn accessible credit lines, with around GBP900 million from committed revolving credit facilities. It also held around GBP133 million in cash, providing adequate liquidity to support its medium-term business plan. Peabody has a similar covenant package across its debt portfolio to peers, including asset cover ratios and EBITDA interest coverage. Peabody sets internal thresholds for both of these metrics providing significant headroom against the covenant levels, which are met throughout its business plan.

Debt Repayment Profile (as of end-2024)



Source: Fitch Ratings, Peabody Trust

Debt and Liquidity Analysis

	End-2024
Total debt (GBPm)	4,835
Cash and liquidity available for debt service (GBPm)	133
Undrawn committed credit lines (GBPm)	1,198
Debt in foreign currency (% of total debt)	0.0
Debt at floating interest rates (% of total debt)	31.8
Short-term debt (% of total debt)	3.2
Issued debt (% of total debt)	43.8
Apparent cost of debt (%)	4.9
Weighted average life of debt (years)	10.6

Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Financial Profile Assessment

We expect Peabody's performance to improve from FY25, after net debt/EBITDA peaked in FY24 at around 14.5x. We do not view this as representative of Peabody's underlying financial strength and expect leverage ratios to improve below 11x by FY29.

Fitch expects net debt to remain stable at around GBP4.6 billion by FY29, with strategic disposals allowing for reinvestment in existing assets. The improvement in net debt/EBITDA will be driven by an expected improvement in EBITDA over the next five years, which we expect to average around GBP420 million. This will reflect social rents increasing in line with CPI + 1% and costs being managed through the larger merged group and lower inflation than in recent years. We also expect a reduction in non-recurring remediation costs which have weighed on margins historically.

Financial Profile Guidance Table

	Primary metric	Secondary metrics		
	Leverage ratio (x)	Debt service coverage ratio (x)	Gross interest coverage ratio (x)	Liquidity coverage ratio (x)
aaa	X ≤ 0	X ≥ 3	X ≥ 10	X ≥ 5
aa	0 < X ≤ 4	2 ≤ X < 3	6 ≤ X < 10	**3 ≤ X < 5**
a	4 < X ≤ 8	1.4 ≤ X < 2	4 ≤ X < 6	1.8 ≤ X < 3
bbb	**8 < X ≤ 12**	**1 ≤ X < 1.4**	**2 ≤ X < 4**	1.2 ≤ X < 1.8
bb	12 < X ≤ 18	0.6 ≤ X < 1	1 ≤ X < 2	0.8 ≤ X < 1.2
b	X > 18	X < 0.6	X < 1	X < 0.8

Note: Yellow highlights show metric ranges applicable to Issuer
Source: Fitch Ratings

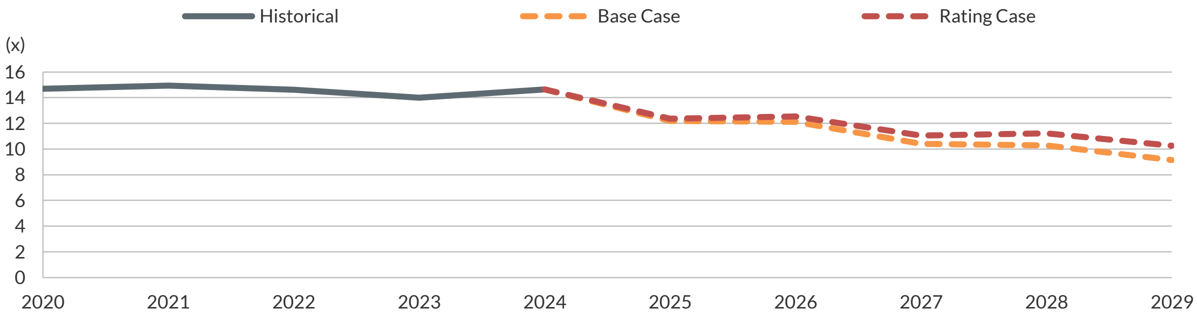
Fitch's Base and Rating Cases – Main Assumptions and Outcomes

Assumptions	Five-Year Historical Average	2025-2029 Average Base Case	2025-2029 Average Rating Case
Operating revenue growth (%)	1.0	4.5	3.7
Operating expenditure growth (%)	2.3	1.7	1.7
Net capital expenditure (average per year, GBPm)	-454	-210	-210
Apparent cost of debt, 2024 (%)	4.9	4.5	4.5

Outcomes	2024	2029 Base Case	2029 Rating Case
EBITDA (GBPm)	319	499	456
Net adjusted debt (GBPm)	4,702	4,561	4,682
Net adjusted debt/EBITDA (x)	14.7	9.1	10.3

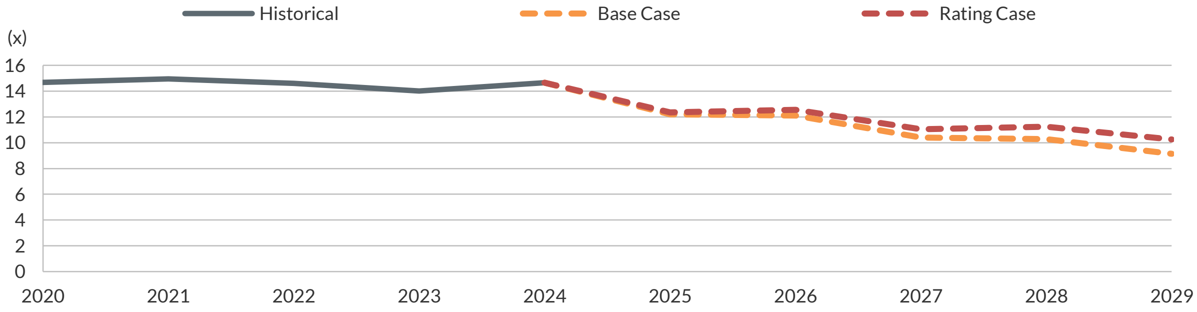
Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Net Adjusted Debt/EBITDA - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Net Adjusted Debt / CFADS - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Additional Risk Factor Considerations

Asymmetric Risk Considerations

Management and Governance	Accounting Policies, Reporting and Transparency	Country Risk and Legal Regime	Asymmetric Risk Impact (notches)
Neutral	Neutral	Neutral	No

Source: Fitch Ratings

Asymmetric risk attributes all assessed as 'Neutral' due to a strong regulatory framework, transparent reporting of information and a risk averse debt structure.

Short-Term Rating Derivation

The Short-Term IDR has been assigned at the higher of two possible outcomes, 'F1+', as a result of the 'A' Long-Term IDR and strong liquidity metrics.

Debt Ratings

The senior secured debt rating is in line with the Long-Term IDR at 'A'. This rating has been applied to all existing senior secured issuances and Peabody's GBP1 billion EMTN programme.

Peer Analysis

Peer Comparison

	Risk Profile	Financial Profile	SCP	Support Category	Notching Expression	LT IDR/ Outlook
Peabody Trust	Stronger	bbb	a-	Strong Expectations	Bottom up + 1	A/Stable
Clarion Housing Group Limited	Stronger	bbb	a	Strong Expectations	Bottom up + 1	A+/Negative
London & Quadrant Housing Trust	Stronger	bbb	a-	Strong Expectations	Bottom up + 1	A/Negative
Platform Housing Group Ltd	Stronger	bbb	a	Strong Expectations	Bottom up + 1	A+/Negative
Southern Housing	Stronger	bbb	a-	Strong Expectations	Bottom up + 1	A/Negative
Hyde Housing Association Limited	Stronger	bbb	a-	Strong Expectations	Bottom up + 1	A/Stable
Erilia	Stronger	bb	bbb-	Very Likely	Top-down - 2	A/Negative

Source: Fitch Ratings

The closest peers for Peabody within the portfolio are Clarion and L&Q. L&Q operates nationally, similar to Clarion, with a focus on the south-east. All three RPs own and manage more than 100,000 units and maintain robust levels of development. L&Q has been slightly more affected by building safety costs, leading to several years peaking leverage ratios, whereas Clarion has a much more stable outlook. L&Q expects to deleverage through non-core asset divestment, reduction in development and reduction in building safety costs as their programme completes. Clarion and Peabody expect to continue developing at a moderate level for their size, managing building safety risk consistently and focusing on core assets and affordable development.

ESG Considerations

The highest level of ESG credit relevance is a score of '3' – ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on our ESG Relevance Scores, visit www.fitchratings.com/site/esg.

Appendix A: Financial Data

Peabody Trust

(GBPm)	2020	2021	2022	2023	2024
Income statement					
Operating revenue	933	911	942	1,097	972
Operating expenditure	-746	-730	-777	-926	-818
Interest revenue	1	0	0	1	4
Interest expenditure	-123	-122	-122	-139	-176
Other non-operating items	478	84	297	1,932	76
Taxation	9	0	-19	7	-1
Profit (loss) after tax	552	144	321	1,972	57
Memo: Transfers and grants from public sector	0	0	0	0	0
Balance sheet summary					
Long-term assets	10,502	10,933	11,655	11,949	12,487
Stakes (equity investment)	0	0	0	0	0
Stock	575	532	570	469	428
Trade debtors	87	96	106	145	132
Other current assets	0	0	0	0	0
Total cash, liquid investments, sinking funds	265	287	223	142	133
Total assets	11,429	11,847	12,553	12,705	13,180
Long-term liabilities	6,219	6,279	6,693	6,654	7,040
Trade creditors	28	18	26	20	23
Other short-term liabilities	318	567	478	487	512
Charter capital	0	0	0	0	0
Reserves and retained earnings	4,865	4,983	5,356	5,544	5,605
Minority interests	0	0	0	0	0
Liabilities and equity	11,429	11,847	12,553	12,705	13,180
Net equity	4,865	4,983	5,356	5,544	5,605
Debt statement					
Short-term debt	39	246	106	108	155
Long-term debt	4,667	4,695	4,508	4,430	4,680
Total debt	4,706	4,941	4,614	4,538	4,835
Other Fitch-classified debt	0	0	0	0	0
Adjusted debt	4,706	4,941	4,614	4,538	4,835
Unrestricted cash, liquid investments, sinking funds	265	287	223	142	133
Net adjusted debt	4,441	4,654	4,391	4,396	4,702
EBITDA reconciliation					
Operating balance	187	181	165	171	154
+ Depreciation	115	130	135	143	142
+ Provision and impairments	1	0	0	0	23
+/- Other non-cash operating expenditures/revenues	0	0	0	0	0
= EBITDA	302	312	301	314	319

Note: Financials from 2020 to 2022 are cumulative totals for figures included in separate entity accounts, Peabody Trust Group and Catalyst Housing group.
Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Appendix B: Financial Ratios

Peabody Trust

	2020	2021	2022	2023	2024
Income statement ratios (%)					
Operating revenue annual growth	-100.0	-2.3	3.4	16.4	-11.4
Operating expenditure annual growth	-100.0	-2.2	6.5	19.2	-11.7
EBITDA/operating revenue	32.4	34.2	31.9	28.6	32.8
Personnel costs/operating expenditure	28.5	29.6	29.0	24.5	28.6
Total transfers from public sector/operating revenue and ad-hoc transfers	0.0	0.0	0.0	0.0	0.0
Balance sheet ratios (%)					
Current assets/adjusted debt	19.7	18.5	19.5	16.7	14.4
Current assets/total assets	8.1	7.7	7.2	6.0	5.3
Total assets/adjusted debt	242.9	239.8	272.1	280.0	274.2
Return on equity	11.3	2.9	6.0	35.6	1.0
Return on assets	4.8	1.2	2.6	15.5	0.4
Debt and liquidity ratios					
Net adjusted debt/EBITDA (x)	14.7	14.9	14.6	14.0	14.7
EBITDA/debt service coverage (x)	2.4	1.8	0.8	1.1	0.9
EBITDA/gross interest coverage (x)	2.4	2.4	2.2	1.7	1.4
Liquidity coverage ratio (x)	0.0	1.6	0.7	0.8	5.2
Net adjusted debt/operating revenue (%)	476.2	510.9	466.1	400.7	483.7
Net adjusted debt/equity (%)	91.3	93.4	82.0	79.3	83.9
Debt in foreign currency/total debt (%)	0.0	0.0	0.0	0.0	0.0
Debt at floating interest rates/total debt (%)	29.4	25.7	23.3	23.3	31.8
Short-term debt/total debt (%)	0.8	5.0	2.3	2.4	3.2
Issued debt/total debt (%)	12.1	12.2	27.8	50.3	41.7
Government-related debt/total debt (%)	0.0	0.0	0.0	0.0	0.0

Source: Fitch Ratings, Fitch Solutions, Peabody Trust

Appendix C: Fitch's Rating-Case Scenario

Peabody Trust

(GBPm)	2025rc	2026rc	2027rc	2028rc	2029rc
Cash-adjusted income statement					
Operating revenue	1,111	1,145	1,239	1,161	1,166
Operating revenue annual growth (%)	14.3	3.0	8.2	-6.3	0.4
Operating expenditure	-724	-749	-794	-729	-710
Operating expenditure annual growth (%)	10.8	3.5	6.0	-8.2	-2.6
EBITDA	387	396	445	432	456
Interest revenue	3	3	3	3	3
Interest expenditure	-233	-228	-219	-210	-200
Financial balance	-229	-225	-216	-207	-197
Net capital expenditure	-269	-349	-179	-165	-88
Capital injection and other cash-items	0	0	0	0	0
Dividend paid	0	0	0	0	0
Other cash items (net)	0	0	0	0	0
Net debt movement	25	224	-59	-141	-153
Change in cash	-86	46	-9	-81	18
Debt and liquidity					
Adjusted debt	4,832	5,056	4,997	4,856	4,703
Memo: Non-cash movement in adjusted debt	0	0	0	0	0
Unrestricted cash	47	93	84	3	21
Net adjusted debt	4,785	4,963	4,913	4,853	4,682
Financial and liquidity ratios (x)					
Net adjusted debt/EBITDA	12.4	12.5	11.0	11.2	10.3
EBITDA/debt service coverage	1.0	1.0	0.9	1.0	1.4
EBITDA/gross interest coverage	1.7	1.7	2.0	2.1	2.3
Liquidity coverage ratio	3.4	2.7	2.2	2.6	3.0

rc - Fitch's rating-case scenario: a through-the-cycle scenario that incorporates a combination of revenue, cost or financial risk stresses.
Source: Fitch Ratings, Fitch Solutions, Peabody Trust

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.