

Peabody Group (incorporating Peabody Trust, Peabody Capital PLC, Peabody Capital No.2 PLC and TCHG Capital PLC)

This is an unaudited consolidated trading update for Peabody Group for the six months ending 30 September 2024.

Highlights for Peabody Group

	Six months to 30 September 2024	Six months to 30 September 2023
Homes owned and in management	109,106	108,289
Homes completed in the period	225	654
Homes in the course of construction	5,395	5,782
Capital investment in existing homes (£m)	97	100
Turnover (£m)	486	489
Operating Surplus (£m)	130	131
Operating Margin	27%	27%
Overall surplus for the period (£m)	34	41
Drawn Debt (£m)	4,955	4,680
Available Facilities (£m)	1,078	1,313
Accessible Cash (£m)	109	71

Commenting on the results, Peabody's Chief Financial Officer, Phil Day said:

“Our strong financial base continues to support capital investment in homes and places as well as in day-to-day spending to help our neighbourhood teams provide improved local services to residents. Our plan to spend £2bn over five years looking after and upgrading residents' homes is on track. We're seeing positive progress and incremental improvements across a range of tenant satisfaction measures in this financial year.”

Financial performance

Our operating surplus remains stable for the first six months of the year compared to last year, despite delays in practical completions on site affecting the timing of receipts from our sales programme.

Turnover from our core operating activities is largely unchanged year-on-year and we are reporting an operating margin of 27%. Our year-to-date rent collection rate remains stable at 98%. Our social rents average £137 a week and we continue to offer wide-ranging financial inclusion support for residents. Following a recent

successful awareness campaign, our income and surpluses from staircasing are performing strongly – supporting people to own more of their home.

We have made good progress during the year simplifying our operations and Governance structures and continue to pursue opportunities to raise additional capital to invest through the sale of non-core assets. While the completion of sales is progressing at a slower rate than hoped we expect to see a gradual improvement in the second half of the current financial year and into the next.

Investment in residents' homes

In the period to 30 September, we invested £97m in residents' homes which included £23m on building safety, close to the £100m invested in the same period last year. A further £93m was spent on repairs and maintenance compared to £84m in the prior year. We remain both committed and on-track as we progress through the second year of our five-year cycle in which we plan to spend £2bn looking after and improving residents' homes.

New homes, development and sales

We invested £244m in our new homes programme over the last six months, completing 225 new homes. Our starts on site this year will be substantially lower than in previous years as we prioritise our already committed pipeline. We currently have around 5,400 homes onsite under construction. Sales revenue in the year to date is £27m with almost £160m of further sales already exchanged or reserved.

Current levels of homes to be sold are as follows:

	Reserved/Exchanged	Available
Over 6 months	69	59
Between 3- 6 months	0	0
Under 3 months	0	0

The timing of practical completion on development schemes has led to a misalignment on the selling and marketing costs associated with new homes. These are included in cost of sales for the period, while the sales receipts for the reserved/exchanged homes are not accounted for whilst we await completion.

Liquidity

We continue to retain strong access to liquidity with over £1.1bn of cash and undrawn facilities available. Our gearing continues to be relatively low when compared to peers and 74% of our borrowing is on a fixed rate basis. We have over 41,000 properties not utilised for borrowing.

Ratings and certification

We are rated G1, V2 by the Regulator of Social Housing, and have yet to be allocated a consumer standard rating. We continue to be rated A3 stable by Moody's and A- negative outlook by S&P.

Performance, Priorities and Positive impact

Analysing the half-year 24-25 results of our Tenant Satisfaction Measures (TSMs), we have seen a small improvement of around 1% across a range of areas when compared to the full year 23-24 results. These include satisfaction on the overall service provided by Peabody and on the quality and timeliness of repairs. We recently introduced new contractual arrangements for repairs which will support our local service delivery model. We continue to measure TSMs each month and hope to report further progress at year end reflecting our commitment to improving services for residents.

We've published our Environmental, Social, Governance (ESG) report 2023-24 which shows our progress and performance against the 48 metrics in the Sustainable Reporting Standard (SRS). Key performance indicators are below, and the full report is available here: <https://www.peabodygroup.org.uk/sustainability/our-esg-report/> and <https://www.peabodygroup.org.uk/investors/our-reports-and-statements/>

- Created £12.7m of social value for residents and communities through our contractors and suppliers.
- Made hundreds of residents' homes easier to heat and keep warm, with 78.6% now having an energy efficiency rating of EPC C or above.
- Ensured all new homes were as energy efficient as possible, with 98.4% having a rating of EPC B or above.
- Spent £371m maintaining and improving residents' homes, which contributed to a 3.6% increase in our carbon footprint. We're working hard to reduce this going forward.
- Invested £10m in the Peabody Community Foundation to help make people healthier, wealthier and happier.
- Worked to tackle food inequality by setting up the London Food Insecurity Network with partners and opening new food pantries across the capital.
- Paid all 3,800 colleagues at least the Real Living Wage or London Living Wage.
- Provided or paid for training courses for 459 colleagues to progress their careers or personal development.

During the period we've published several reports on our performance, priorities and our positive impact. These are available on our website:

- Our Resident Review 23-24 is available here https://www.peabody.org.uk/media/4s3dksit/residents-review_2023-24.pdf

- Our annual report 23-24 is available here
<https://www.peabodygroup.org.uk/investors/annual-report-2024/>
- Our Sustainable Finance Framework 2024 sets out how we allocate funds to support our strategic priorities of getting the basics right, supporting residents and colleagues, and becoming a more sustainable Peabody.
<https://www.peabodygroup.org.uk/media/ka0fbquu/sustainable-finance-framework.pdf>
- Peabody Community Foundation’s annual report shows the positive difference we’re making in partnership with local people.
<https://www.peabodygroup.org.uk/our-work/peabody-community-foundation-pcf/our-pcf-report/>
- We published [Looking after Thamesmead: The story of our impact 2018-2023](#) earlier this year. It highlights our “whole place” approach to regeneration and investment in the town.

Statement of Comprehensive Income – Peabody Group

£ million	Six months to 30 September 2024	Six months to 30 September 2023
Turnover – from core operations	459	414
Turnover – from sales	27	75
Total Turnover	486	489
Operating Costs	(356)	(332)
Cost of Sales	(27)	(62)
Surplus on staircasing/disposal of fixed assets	27	36
Operating Surplus	130	131
Net Interest Costs	(96)	(90)
Surplus for the period	34	41
Operating Margin	27%	27%

Note: Figures quoted in the update are based on unaudited management accounts, which are subject to review and further adjustments.

Contact: Anthony Marriott, Director of Treasury & Corporate Finance or Ben Blades, Assistant Director Corporate Affairs.