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

Peabody Group announces the following unaudited information ahead of its Annual Report for the year ended 31 March 2024 to be published later in the year.

This is the second year of trading incorporating Catalyst Housing Limited and its subsidiaries as part of the Peabody Group. It's the first year of trading following the transfer of engagements of Catalyst Housing Limited into Peabody Trust and Rosebery Housing Association Limited into Town & Country Housing.

We've continued to incur planned costs in relation to the merger, but the consolidation of our structure and integration has progressed well. This has allowed us to move towards the next phase of transformation, getting closer to residents through responsive, locally focused services, and better use of data and technology across our operations.

As part of a post-merger review the Peabody Group Board has identified assets which are not part of our core operations or strategy going forward. A project to sell commercial land and other non-core assets is progressing, enabling us to simplify our activities, pay down debt and keep investing in our priorities for the benefit of residents.

Resilient performance

Peabody's balance sheet remains strong, with fixed assets of over £11bn and gearing at around 40%. Our turnover for 2023-24 was £992m. Turnover from core operations increased to £855m including £774m from social housing lettings. Overall revenues reduced due to a planned lower level of sales in the year (£130m) plus £7m other development income. A further £30m of contracted sales were anticipated but these have carried over to Q1 2024-25 due to delays on-site. Sales margins in 23-24 improved to 12%, up from 10% previously, reflecting careful management of our development programme.

Despite the significant cost pressures experienced throughout the year, and a challenging operating environment, we expect our overall operating margin to be at a level similar to last year (23%). Our social housing operating margin will be lower than the prior year, with our low rents below target/regulated levels. The average Peabody rent is now £138 per week. Our rent collection for the year was 99.4%, improving as the year progressed. Our Financial Inclusion teams continue to work closely with residents in financial difficulty, supporting them with flexible payment plans and help to boost their income.

Financing costs, excluding break costs incurred, increased to £170m. This reflects the full year impact of increased interest rates but was within our budget for the year. This has allowed us to maintain a healthy level of headroom over our banking covenant, whilst continuing to invest substantially in residents' homes, in line with our commitment to spend £2bn on our existing homes over 5 years.

These results demonstrate that whilst facing a challenging environment, Peabody is in a strong, financially resilient position to support significant further investment for the long term.

Looking after residents' homes

During the year we spent £374m looking after our existing homes. This included investing £135m in improving the condition and environmental performance of residents' homes. Almost 80% of our homes are now EPC C rated following further upgrades. We spent a further £64m on fire safety as we progress remediation work. We also spent £175m on planned maintenance and responsive repairs. This reflects our continuing priority of getting the basics right and making residents' homes better places to live.

In April 2024 we published our Sustainability Action Plan which sets out some of the specific activities we're delivering to improve the energy efficiency of our existing and new homes. It also sets out our approach to reducing our operational emissions and those of our supply chain.
https://www.peabodygroup.org.uk/sustainability

Operational improvement

We invested in colleagues, technology and in improving our data in 2023-24. Our service standards and goals align with the Regulator of Social Housing's new consumer standards which came into effect on 1 April 2024. Our commitment and focus is on embedding our local model, providing homes that are decent, safe and well-maintained, and ensuring residents receive good quality services and are treated with fairness and respect. We're also working hard to ensure we're communicating well with residents, providing good quality information and being responsive to their needs.

Ian McDermott, Peabody Chief Executive said "This has been a year of good progress, but we know there is much work to do. We're transforming our services and investing in homes and sustainable places for the long-term. Our local focus and commitment to getting the basics right remains a strategic priority. Our plan is to spend around £2bn over 5 years – or around £1m a day - on improving and maintaining residents' homes. This is the right thing to do and will bring material benefits. Over time it will help to reduce the volume of responsive repairs and complaints and improve residents' satisfaction with our landlord services.

We also want to support local government in tackling London's homelessness emergency by providing new social homes where we can. New homes of all tenures are essential infrastructure for the country, and we'll continue to work with public and private partners on regeneration and new supply. All this activity clearly puts pressure on financial metrics, but we remain determined to use our balance sheet and liquidity as well as exploring new, innovative ways to invest in the things that support our goal of helping people flourish."

Development and Sales

We invested £553m in our new homes programme over the last 12 months, completing 1,381 new homes. The tenure mix is:

- Social rent: 322
- London Affordable rent: 313
- Affordable rent: 91
- Intermediate Market Rent: 16
- Shared Ownership: 478
- Market Sale: 161

We made 1,157 starts on site during the year, continuing to do what we can to help tackle affordable housing supply challenges in London and the south-east. But we're carefully managing our development programme, maintaining appropriate flexibility on the level of future spend and commitments which has limited the extent of expected write downs to around £10m in the period.

At the start of 2024-25 over £100m of sales relating to in-year completions were exchanged. The number of new homes that remain unsold for any length of time remains low.

Unsold new home – Peabody Group at 31 March	Reserved / exchanged	Available	Total
3 - 6 months	7	3	10
Over 6 months	24	39	63

Liquidity

Our access to liquidity remains very strong with almost £1.3 billion of cash and undrawn facilities to ensure that we can continue to operate sustainably and deliver for the benefit of our residents in challenging times. We've continued to improve our liquidity post year end with an additional £150m in bank facility.

We have published the Admission Particulars to our £1bn fully secured note programme, which will facilitate our access to the public debt capital markets in the future. Our gearing remains very low for the sector at around 40% and 75% of our borrowing is on fixed rates. We retain over 40,000 unallocated or unencumbered properties across the Group with a security value of around £4bn.

Chief Financial Officer

Peabody would like to put on record its thanks to Eamonn Hughes, who leaves the organisation at the end of June. Eamonn has been a key member of the Executive team, steering Peabody through the financial challenges of the last four years and leaves a financially resilient organisation that is well placed to move into the next phase of transformation. We look forward to Phil Day joining as Chief Financial Officer in September.

Ratings and certification

We are rated G1, V2 by the Regulator of Social Housing. Our Moody's credit rating is A3 stable, and our S&P Global rating is A- negative.

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

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