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 2023.

Highlights for Peabody Group

	Six months to September 2023	Six months to September 2022
Homes in management	108,289	104,540
Homes completed in the period	654	1,004
Investment in existing homes	100	65
Turnover (£m)	489	515
Operating surplus	131	137
Operating margin	27%	27%
Surplus for the period (£m)	41	79
Drawn debt (£m)	4,680	4,445
Available Facilities (£m)	1,313	1,722
Accessible Cash (£m)	71	113

Despite the economic challenges, we've increased capital investment in residents' homes by over 50%, spending £39m more than in the same period last year. In total we spent £184m in the six-month period, including on building safety, improving insulation and proactively managing damp, mould and condensation, repairs and maintenance as well as surveys of the condition of 6,560 residents' homes.

Commenting on the results, Peabody's Chief Financial Officer, Eamonn Hughes said: "We continue to invest in getting closer to residents through a renewed local focus, with more neighbourhood teams, proactive condition surveys and a plan for a more effective and efficient repairs service. We continue to make progress with our substantial change programme and this trading update demonstrates that we are prioritising investment."

Financial performance

Peabody's operating surplus held up in the first six months of the year compared to 2022. Net surplus has reduced principally due to a) higher interest rates which had yet to fully feed through in the 2022-23 half year, and b) fewer completions and reduced surplus on joint ventures in the half-year. This is a function of transactions and completions happening outside of the reporting period. Our financing costs, including £6m incurred in break fees, remain within budget, with 77% of our borrowing at fixed-rate levels.

Turnover on Peabody's core operations has increased and our year-to-date collection rate has held at 98%, but overall revenues have reduced due to a planned lower level of sales in the current year. To the end of September our Financial Inclusion team had received over 1,100 referrals and helped residents to increase their household income by over £1m. Joint Venture surpluses and further sales are expected to generate substantial income for reinvestment later in the year. The number of unsold homes is substantially lower than in previous years with many of these either reserved or exchanged already:

Unsold new homes – Peabody Group at 30 September	**Reserved / exchanged**	**Available**	**Total**
3 - 6 months	3	6	9
Over 6 months	73	90	163

Investment in sustainable homes

We now have around 108,000 homes under management within the Peabody Group. In the six months to 30 September 2023, we invested £100m in our existing homes compared to £65m in the same period last year, including £43m on our building safety programme. A further £84m was spent on repairs and maintenance, compared to £80m in the same period last year. In total therefore £184m was spent on residents' homes in the last 6 months, which is consistent with our overall aim to spend £2bn over the next 5 years.

78% of our homes are currently rated EPC C or above. In September 2023 we published our updated Environmental Sustainability Strategy https://www.peabodygroup.org.uk/media/3v4p0yhh/peabody-sustainability-strategy-23-26.pdf. This sets out our detailed plans for the next three years, providing the foundations for our journey to net zero. In October we published our latest ESG report under the Sustainable Reporting Standard for Social Housing:
https://www.peabodygroup.org.uk/media/a3vdsywd/peabody-esg-report-22-2023.pdf
We aim to have 82% achieving at least EPC C or above by 2026. To do this we're installing insulation, improving ventilation and replacing inefficient boilers and windows in thousands of our existing homes. All our new homes are being built to at least EPC B.

New homes, Development and Sales

We invested £268m in our new homes programme over the last six months, completing 654 new homes and with 470 starts on site in the period. The sales programme depends on the timing of practical completion and whilst currently behind schedule we have a strong level of exchanges and reservations in addition to completed sales. Due to the build programme, there is no expectation that sales will achieve 2022-23 levels but by 30 September we had completed £75m in sales, with improved margins at 17%. We're continuing to carefully manage our development programme and maintaining appropriate flexibility on the level of future spend and commitments.

Liquidity

We retain very strong access to liquidity, with £1.4 billion of cash and undrawn facilities to ensure that we can continue to operate and deliver for the benefit of our residents in challenging times. Our gearing remains low and 77% of our borrowing is on fixed rates. We retain over 42,000 unallocated or unencumbered properties across the Group with a security value of around £4bn.

Ratings and certification

We are rated G1, V2 by the Regulator of Social Housing, which was reaffirmed in September this year following an In-Depth Assessment. We were pleased to see our A3 rating from Moody's return to a stable outlook in October, reflecting Peabody's financial resilience and management's response to the current economic environment, and we continue to hold an A- negative outlook rating from S&P Global following a recent review.

Transfer of engagements

The transfer of engagements of Catalyst Housing Limited into Peabody Trust completed on 3 April 2023 followed by a similar exercise for Rosebery Housing Association Limited into Town & Country Housing on 4 April. This consolidation of our structure has allowed us to move into the next phase of transformation, getting closer to residents through a focused approach to service delivery, with more locally based teams alongside better use of data and technology across our operations.

Statement of Comprehensive Income – Peabody Group

£ million	**Six months to September 2023**	**Six months to September 2022**
Turnover – from core operations	414	383
Turnover – from sales	75	132
Total turnover	**489**	**515**
Operating Costs	332	299
Cost of Sales	62	121
Surplus staircasing/disposal of fixed assets	36	42
Operating Surplus	**131**	**137**
Net Interest Costs – inc loan break costs	90	72
JV Surplus	-	14
Surplus for the period	**41**	**79**
Operating margin	27%	27%
Sales margin	17%	8%

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

Loan break costs £6 million (corresponding period in 2022: £6m)

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