



PEABODY TRUST

June 2022

Eamonn Hughes
Chief Financial Officer

Anthony Marriott
Director of Treasury
& Corporate Finance



DISCLAIMER

The information contained in this presentation including the presentation slides and any related speeches made or to be made by the management of Peabody Trust (Peabody), any questions and any answers thereto or any related verbal or written communications in respect thereof (the Presentation) has been prepared to assist interested parties in making their own evaluation of Peabody.

Relevant Peabody Entities. This presentation is believed to be in all material respects accurate, although it has not been independently verified by the Relevant Peabody Entities and does not purport to be all-inclusive. This Presentation and its contents are strictly confidential, are intended for use by the recipient for information purposes only and may not be reproduced in any form or further distributed to any other person or published, in whole or in part, for any purpose. Failure to comply with this restriction may constitute a violation of applicable securities laws. By reading this Presentation, you agree to be bound by the following limitations.

Neither the Relevant Peabody Entities nor any of their representative directors, officers, managers, agents, employees or advisers accepts any responsibility as to or in relation to the accuracy or completeness of the information in this Presentation (and no one is authorised to do so on behalf of any of them) and (save in the case of fraud) any liability in respect of such information or any inaccuracy therein or omission therefrom is hereby expressly disclaimed, in particular, if for reasons of commercial confidentiality information on certain matters that might be of relevance to a prospective purchaser of Peabody bonds has not been included in this Presentation.

No representation or warranty is given as to the achievement or reasonableness of any projections, estimates, prospects or returns contained in this Presentation or any other information. Neither the Relevant Peabody Entities nor any other person connected to them shall be liable (whether in negligence or otherwise) for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Presentation or any other information and any such liability is expressly disclaimed. This Presentation includes certain statements, estimates and projections prepared and provided by the management of the Relevant Peabody Entities with respect to the anticipated future performance of the group. Such statements, estimates and projections reflect various assumptions by Peabody's management concerning anticipated results and have been included solely for illustrative purposes. No representations are made as to the accuracy of such statements, estimates or projections or with respect to any other materials herein. Actual results may vary from the projected results contained herein.

The information presented herein is an advertisement and does not comprise a prospectus for the purposes of EU Directive 2003/71 /EC (as amended) (the Prospectus Directive) and/or Part VI of the Financial Services and Markets Act 2000. This Presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, Bonds in any jurisdiction or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

The distribution of this Presentation and other information in certain jurisdictions may be restricted by law and persons into whose possession this Presentation or any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Presentation and any materials distributed in connection with this Presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Relevant Peabody Entities do not accept any liability to any person in relation to the distribution or possession of this presentation in or from any jurisdiction.

INTRODUCTION

A proud history, a vision for the future

- Formed in 1862, Peabody has more than 104,000 homes across London and the home counties with c220,000 residents
- A clear vision for the future, investing in homes and safety, improving services and developing new social housing
- At the forefront of promoting ESG credentials across the sector
- Our mission – to help people flourish
- Bringing Peabody and Catalyst together has allowed us to create a new organisation that will deliver on our values



Our values

Do the right thing

Celebrate diversity

Be kind

Pull together

Love new ideas

Keep our promises

MERGER WITH CATALYST...

- Strong shared social purpose and passion for providing good quality affordable homes, care and support and supporting communities through our foundations

- Complementary geographies results in a stronger presence across many London boroughs
- Strong commitment to ESG reporting and initiatives



	Peabody	Catalyst	Peabody
Number of homes	67,000	37,000	104,000
Number of residents	155,000 ¹	55,000	210,000
Geographic headlines	Predominantly London with concentrations in Kent and West Sussex (TCH) and Essex	Broadly even split between London and Home Counties. Recently added portfolio in Surrey and East Sussex (Rosebery)	Strong presence across South of England
Regulatory Judgement	G1 V2	G1 V2	-
Credit rating	A3 (Moody's) A- (S&P)	A- (S&P)	-
Community investment	£8m	£3m	£11m
Turnover 20/21	£630m	£298m	£928m
Homes built 20/21	1,176	305	1,481
Tangible Fixed Assets 2021	£7bn	£3bn	£10bn
Operating Surplus 20/21	£195m	£68m	£263m
Number of FTEs	2,847	1,116	3,963

Notes: 1. Provides care and support services to a further 16,000 customers

... WILL BRING STRONG BENEFITS

- The merger of Peabody and Catalyst together will create a new organisation with greater resilience, scale and local presence
 - **Be more local and connected:** to our customers and communities, with stronger local partnerships
 - **Invest and innovate more:** in better quality services and customer experience, homes, technology and people
 - **Influence national and local government:** reflecting the diverse experiences of over 200,000 customers to make a positive impact
- Greater ability to respond to changes in external environment such as building safety, zero carbon and increased regulation.
- Both housing associations have a strong track record of mergers: Catalyst with Aldwyck and Rosebery and Peabody with Family Mosaic and Town and Country



GEOGRAPHICAL COVERAGE

Strategic importance

GREATER LONDON

North West London properties

26,571

South London properties

20,283

North East London properties

16,249

Thamesmead properties

8,023



GEOGRAPHICAL COVERAGE

NORTH AND SOUTH COUNTIES



North counties
20,283

South counties
12,949

SECTOR BACKDROP

Responsive to changes in the operating environment

Sector Issues

Changes in the law and regulation – e.g. building safety

Environmental pressures

Growing population underpinning housing demand

Political landscape and policy environment

Digital technology and transformation

Interest rates, inflation and house prices

Our Response

Early adopter in housing safety re Hackitt review. Building safety team, technical committee.

Peabody produced its 2021-2024 sustainability strategy in September. All new homes meet GLA environmental standards. Become net zero carbon in our new and existing homes by 2050 and in our day-to-day business.

Track record of mixed tenure development from a solid base, with JV partners to aid access to supply chain and resource, alongside benefitting from their expertise. Unlock the value of existing estates through regeneration - e.g. Thamesmead.

Proactively engaged, regular consultation and responding to policy makers and legislators. Peabody Index published on regular basis.

Multi-channel approach – digital back office, face to face for vulnerable residents.

Regular review and management of interest rate risk, liquidity golden rules, fixed price arrangements, selling off plan where appropriate, monthly stress testing.

BUILDING SAFETY AND MAINTENANCE

- We have aligned our aspirations on development to make sure that we can deliver on our first priority, the safety of existing residents
- Peabody is focusing its efforts on fire safety work on a risk based approach over 5 years
- One of the first organisations to implement the recommendations of the Hackitt review of Building Regulations and Fire Safety
- We have also focused our asset management spend to where it is needed most
- Over the last 3 years, Peabody has incurred £84m of capital spend on fire safety works
- Dedicated damp and mould project
 - Risk assessment for all properties available to tenants
 - Microsite for information and resources
- Increased focus post-merger on local service delivery model to help drive improvement in customer satisfaction

Customer Satisfaction

March 2022

Satisfaction with way enquiry was handled by Customer Hub	81%
Satisfaction with handling of most recent repair by Contractor	85%
Satisfaction with quality of repair	90%
Satisfaction with updates throughout repair	82%
Satisfaction with Neighbourhood as a place to live	80%

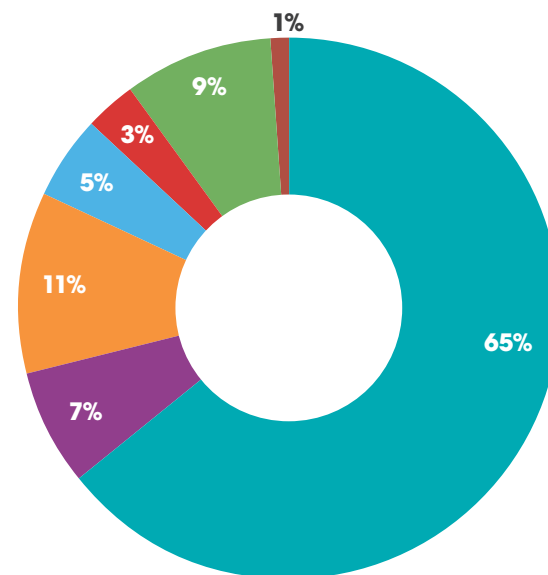


ESG - SOCIAL

Peabody published its first report under the Sustainability Reporting Standard for Social Housing in 2021

- Both Peabody and Catalyst were awarded frontrunner status by Ritterwald in their Certified Sustainable Housing accreditation process
- 72% of our homes are let at social or affordable rent
- Peabody's average weekly rent is £120 per week, 60% lower than market rents for one and two bedroom homes
- £20m annual subsidy compared to target rents and £477m to market rates
- Peabody built 1,176 new homes in 2020-21 of which 86% were affordable. Catalyst built a further 315 of which 84% were affordable
- £8m contributed to the community foundation in the last year and £3m by Catalyst

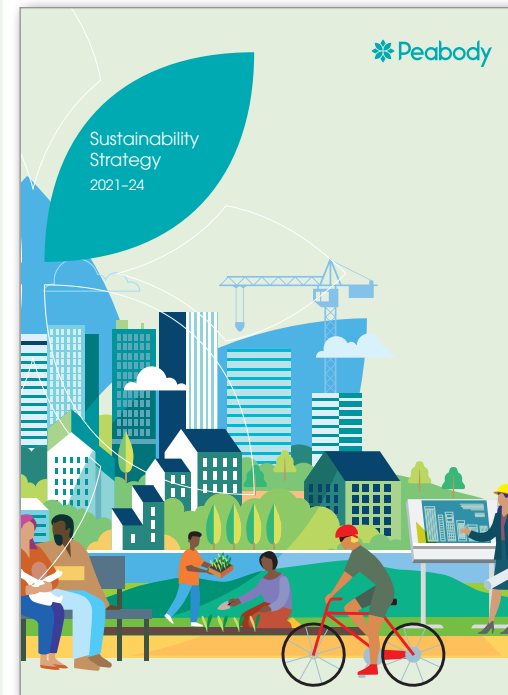
Properties by tenure



New Homes Built in 2021	Peabody	Catalyst	Combined
Social Rent	183	47	230
London Affordable Rent	357	70	427
Intermediate Market Rent	115	-	115
Shared Ownership	374	147	521
Market Rent	3	-	3
Market Sale	144	51	195
Total	1,176	315	1,491

ESG – ENVIRONMENTAL

- Expanded our dedicated Sustainability team, with new leadership and strategy published in 2021
- Net carbon zero on operations by 2030 and within rented homes by 2050
- Average SAP rating 71.7 (March 2020 70.1)
- All new properties built to EPC B or above. Average SAP rating 86.4
- Vehicle fleet being converted to electric
- Programme to install EV charging points on estates
- Our Home Energy Advice service helped 200 residents save on average £144 in the first year
- In the next two years we aim to offer advice sessions to at least 7,000 people to help reduce energy costs



EPC Ratings on properties

	Peabody	Catalyst
EPC A	0.3%	1.0%
EPC B	11.9%	9.7%
EPC C	60.3%	66.8%
EPC D	24.8%	21.7%
EPC E and below	2.7%	0.8%

ESG - GOVERNANCE

- Experienced board and executive management team with diverse skillset remains in place
- 15 board members
- 40% are women
- 20% identify as black, Asian or minority ethnic
- 2 resident main board members and resident representation on all committees
- Independent board reviews conducted through 2019 and 2020
- G1, V2 rating maintained with Regulator's In Depth Assessment completed in 2021
- Adopted the NHF Code of Governance

FINANCIALS



FINANCIALS - YEAR TO 31 MARCH 2021

Income and expenditure (£m)

	Peabody 2021 £m	Catalyst 2021 £m	Combined 2021 £m	Combined 2020 £m
Turnover - Social Housing Lettings	438	196	634	607
Turnover - Other Income	65	7	72	80
Turnover - Market Sales and Shared Ownership	127	95	222	261
Total Group Turnover	630	298	928	948
Operating Costs	(380)	(149)	(529)	(533)
Cost of Sales	(106)	(94)	(200)	(213)
	144	55	199	202
Surplus on Sale of Fixed Assets/Staircasing	51	13	64	57
Operating Surplus	195	68	263	259
Net Interest	(78)	(44)	(122)	(121)
Fair value derivative movement	0	10	10	(15)
	117	34	151	123
Change in Value of Investment Properties	(7)	0	(7)	(9)
Gift on acquisition/other	0	5	5	435
Surplus for the year	110	39	149	549

Information presented on a proforma basis. Excludes Rosebery and combined figures unaudited

- Strong consistent performance
- Market sales variation year on year due to timing of completions

MARCH 2021 KPIs

	Peabody 2021	Catalyst 2021
Social housing lettings:turnover	70%	66%
Operating margin on social housing lettings	32%	29%
Overall operating margin before investment property valuation	31%	18%
Operating surplus before investment property valuation	£195m	£68m
EBITDA MRI interest cover	207%	124%
Gearing	37%	41%
Debt:turnover	4.4 times	4.2 times

- Whilst market and shared ownership sales are important, social housing lettings are the main activity
- Margins on social housing lettings have continued to perform, despite the challenges over the last 2 years
- EBITDA MRI is closely monitored during the year and performance under this metric is a key element of business planning
- Gearing remains relatively low for the sector

HALF YEAR TRADING

Income and expenditure (£m)

	Peabody 2021 £m	Catalyst 2021 £m	Combined 2021 £m	Combined 2020 £m
Turnover – Net Rental Proceeds	228	95	323	304
Turnover – Other Income	26	17	43	42
Turnover – Market Sales and Shared Ownership	92	29	121	96
Total Group Turnover	346	141	487	443
Operating Costs	(186)	(82)	(268)	(246)
Cost of Sales	(80)	(28)	(108)	(81)
	80	31	111	116
Surplus on Sale of Fixed Assets/Staircasing	44	11	55	24
Operating Surplus	124	42	166	140
Net Interest	(38)	(21)	(59)	(58)
	86	21	107	82

Information presented on a proforma basis and unaudited

- Positive experience in last 6 months – benefitting from strong market demand including stamp duty holiday.
- Sales margins are consistent with expectations – and with the trading experienced in the second half of 2020-21.
- Surplus on fixed asset sales reflects focused management of stock and improved staircasing levels.
- Some catch up in asset management costs – for works that could not be delivered in 2020.

FUNDING STRATEGY

- Simple and flexible funding structure
- Facilities largely held at Peabody Trust and Catalyst Housing Ltd level
- Actively managed with fixed rate swaps broken in March 2021
- Contractual commitments for next 3 years covered
- 18 months cover with no new funds, no sales, committed development only
- Unencumbered assets with security value £4bn

Funding

	Combined 30 Sept £m
Total Available	5,944
Drawn Debt	4,263
Available To Draw	1,681
Available Cash	224
Total Available Facility And Cash	1,905
Fixed Rate %	77%
WACC %	3.73%

Unaudited position as at 30 September 2021

DEVELOPMENT STRATEGY

- Focus on delivering affordable/ social rented homes
- No additional development as a result of merger
- c.3,000 new homes p.a. across targeted geographies
- Existing development opportunities including Dagenham, Holloway and surrounding areas to London
- Emphasis on placemaking – long term stewardship delivering great places to live
- Flexibility on tenure mix



Holloway, Islington

RISK BALANCED CONSTRUCTION AND SALE PROGRAMME

- Close working relationship with GLA, Homes England and others to secure grant income for developing social housing, reducing reliance on market sale
- Flexible budgeting process with funds being released to support new projects, only when sales have been achieved
- Continue to utilise JVs when scheme and partner skills are appropriate
- Capital at risk thresholds set to withstand significant sales downturn



St John's Hill Phase 2, Wandsworth

THAMESMEAD

- Remains a 30-year project but delivery already:
 - Southmere including library is progressing with 1,600 homes
 - First 130 new homes complete this year, 434 next year to complete phase 1
 - Flagship scheme, establishing high quality place-making principles
 - The Reach – 66 homes
 - Cultural Infrastructure plan and Thamesmead Community Fund
- Green infrastructure framework – Living the Landscape to manage 250ha including 50,000 trees, 5 lakes and 7km of canals
- Waterfront JV with Lendlease has now appointed masterplanners
- Open to variety of funding options to deliver long-term transformational change



CONCLUSION



St Anns Peace Garden, Haringey

CONCLUSION

- Financially resilient, strong balance sheet with commitment to be A rated entity
- Experienced management team with track record of delivery
- Clear understanding of operating at scale
- Focused development pipeline with flexibility to manage economic downturns
- Strong ESG credentials with demonstrable commitment to clear reporting of performance
- Merger will further strengthen performance and allow focus on local services