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Places for People Group Ltd



Business Overview

ESTABLISHED: 1965

LOCATION: London

LISTING: Shares not Listed
Retail Bonds listed on LSE

TYPE OF COMPANY: For profit;
Non-Dividend Paying

NUMBER OF EMPLOYEES: > 11,000

ISSUED SHARE CAPITAL: Over 125
group companies, undertakings and joint
ventures.

BUSINESS AREA:

Placemaking; Neighbourhoods;
Affordable Housing; Property Management;
Care & Support; Retirement; Leisure
Management; Construction & Development;
Environmental Sustainability

COMPANY WEBSITE:

www.placesforpeople.co.uk

BUSINESS OVERVIEW

Places for People Group Ltd (PFP) is a leading property management, development, regeneration and leisure company that owns or manages 152,783 properties, runs 116 leisure facilities, and has assets in excess of £3 billion.

The emphasis is on creating sustainable homes and communities, with green spaces, conducive to residents living there for the long term. The core purpose is “placemaking”, and is supported within the company by separate divisions which manage leisure centres, provide financial services, tenancy management services, and facilities management. A key social purpose is to address the UK’s housing shortage in a manner which creates sustainable communities.

Places for People operates in over 200 local authority areas in the UK, providing services to over half a million people, and working closely with local communities to help them reach their goals. Whilst being for profit, all earnings are invested back into the business. This enables PFP to sustain a wide range of activities that positively impact people’s lives.

SOCIAL MISSION

The UK’s long-term failure to produce sufficient new housing annually is a root cause of the shortage of housing, over-crowding and housing market volatility. It is estimated that over 300,000 new homes are needed each year. According to the Government’s own statistics, social housing waiting lists have doubled over the last 13 years to almost 5 million. PFP believes that the current system for funding social housing is not sustainable in the long term. The company is actively working to influence Government and other bodies on the development of innovative funding and delivery models to boost housing supply in the UK.

Providing people with affordable and secure homes is PFP’s main purpose. Investing in communities is an essential part of this. The aim is to sustain residents’ tenancies and help them to be economically active. With a supportive group structure and capabilities for delivering large-scale regeneration, PFP’s core objective is to integrate responsible business principles into all of its activities.

WHO BENEFITS?

CUSTOMERS: Provision of affordable and available housing to over 400,000 customers, across 152,178 owned or managed properties.

NEIGHBOURHOODS: PFP listens to feedback from customers and other local stakeholders to ascertain the main issues in the area. It then produces an action plan, which focuses on physical, economic, environmental and social improvements, which PFP looks to deliver in collaboration with its partners.

YOUNG PEOPLE IN

NEIGHBOURHOODS: The company has developed a Young People’s Strategy to address the needs of youth in society facing challenges and feeling disengaged. Engagement is addressed through training and employment support to maximise young peoples’ potential as responsible, economically active citizens. PFP has engaged with 27,793 young people over the last 5 years in project based activities such as sport and education.

Commercial and Financial Summary

CAPITAL STRUCTURE

PFP is a private company limited by shares and it is not permitted to pay dividends as set out in its memorandum of association. Hence all profits are reinvested. The company is financed by a combination of bank loans, corporate bonds and, via its European Medium Term Note (EMTN) programme, through retail bonds listed on London Stock Exchange. Bond issuance is undertaken through a Special Purpose Vehicle, Places for People Capital Markets Plc.

CAPITAL MARKETS¹

Loans & Bonds Issuance

S&P RATING FOR PFP GROUP: A

MOODY'S RATING: A3

Loan & Bond Issuance % Breakdown by type

	Unsecured	Secured
UK Bonds & Private Placements	46%	31%
UK Banks	12%	11%
Total	58%	42%

FINANCIAL PERFORMANCE

(£m)	31-Mar-15*	31-Mar-16
Group Turnover	£550.6m	£616.5m
Profit before Tax	£30.4m	£43.7m
Tangible Fixed Assets	£3.0bn	£3.1bn
Liquidity Ratio	151%	52.5%
Revaluation Reserve (net of Pension Liability)	£274.4m	£332.2m
Cash flows from operating activities	£170m	£169.1m
Quick Ratio ²	0.55	0.18

* These figures are from the financial statements as reported under old UK GAAP. The 2016 figures are reported under the new Accounting Standard FRS102.

BUSINESS HIGHLIGHTS

FINANCIAL: Group turnover increased by 9% to £616.6m (2015: £550.6m). The Group's profit for the year before taxation was £43.7m (2015: £30.4m). The Group had net current liabilities of £341.6m, reflecting its higher level of borrowings due within one year in 2016 of £523.8m (2015: of £54.5m).

OPERATING: In 2015-16 PFP helped 570 people into employment, supported 1,695 individuals into learning, helped 63 businesses to start up or develop and involved 2,934 young people in capacity building activities. In addition, over the period the group together with its joint venture partners completed 1,119 new homes and started construction on a further 1,118 homes.

PFP's new fund management business gained approval from the Financial Conduct Authority and will soon launch a fund management service for investors. In addition, the group launched Places for People Living+, the new name for the Individual Support business. Living+ will focus on providing specialist support services.

In response to survey feedback, PFP refined its existing specialist housing and support services and established Places for People Retirement. Through Places for People Retirement, PFP is developing two high quality retirement living sites in a joint venture with English Care Villages at Warwick and Tattenhall.

¹ 2016 PFP Investor Seminar Presentation

² (Cash+Marketable Securities+Receivables/Current Liabilities)

Impact Assessment Matrix

ECONOMIC IMPACT

	MEASUREMENT	REPORTED DATA						
Placemaking	Total no. of homes owned / managed	152,783						
	Total amount invested in home improvement (2015/16)	£97m						
Productivity	Management cost per unit of property managed	£710 (14% lower than benchmark)						
Financial Inclusion	Home purchase loans	£6.7m in home loans to date						
	Affordable loans provided	879 to date (2015)						
	Income generated for customers by Money Advice Team	<table border="1"> <thead> <tr> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>£454,851</td> <td>£1,181,266</td> <td>£1,392,658</td> </tr> </tbody> </table>	2013/14	2014/15	2015/16	£454,851	£1,181,266	£1,392,658
2013/14	2014/15	2015/16						
£454,851	£1,181,266	£1,392,658						
Small Businesses	Number of Businesses Startups Supported	<table border="1"> <thead> <tr> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>349</td> <td>237</td> <td>63</td> </tr> </tbody> </table>	2013/14	2014/15	2015/16	349	237	63
		2013/14	2014/15	2015/16				
349	237	63						

ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED DATA
Sustainability	New builds at Code for Sustainable Homes ≥ Level 3	100%
Energy Efficiency	Investment in Energy Efficiency	£15.9m to date
Waste Disposal	Amount of waste diverted from landfill	2,873 tons (2015)

SOCIAL IMPACT

	MEASUREMENT	REPORTED DATA						
Social Return	Social Return on Investment (HACT methodology)	<table border="1"> <thead> <tr> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>£6m</td> <td>£8m</td> <td>£6m</td> </tr> </tbody> </table>	2013/14	2014/15	2015/16	£6m	£8m	£6m
	2013/14	2014/15	2015/16					
	£6m	£8m	£6m					
Amount invested in creating social value	£63m							
Social Return on Investment	£84m							
Placemaking	Tenancy Turnover	<table border="1"> <thead> <tr> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>10.485</td> <td>9.1%</td> <td>8.36%</td> </tr> </tbody> </table>	2013/14	2014/15	2015/16	10.485	9.1%	8.36%
	2013/14	2014/15	2015/16					
	10.485	9.1%	8.36%					
	% of new developments at below market rent or sale	82%						
	% of homes meeting Decent Homes Standard	<table border="1"> <thead> <tr> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	2013/14	2014/15	2015/16	100%	100%	100%
	2013/14	2014/15	2015/16					
100%	100%	100%						
Neighbourhood appraised Red (restructure / dispose)	0%							
No. of homes for General Social Rent	41,1227							
Care & Support	No. of people receiving Care & Support Services (including young people)	7,122						
Employees	Number of people supported into learning/training or employment	<table border="1"> <thead> <tr> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>1200</td> <td>3392</td> <td>2268</td> </tr> </tbody> </table>	2013/14	2014/15	2015/16	1200	3392	2268
		2013/14	2014/15	2015/16				
1200	3392	2268						

GOVERNANCE

	MEASUREMENT	REPORTED DATA
Diversity	% employees BME	10%
	% female employees	60%
Governance	Audit & Risk, Remuneration, Nominations & Governance, Corporate Transactions Committees	Yes
	Independence of Non-Executive Directors holding office in year to 31 March 2016	All assessed to be independent

MUST READ

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