

# Paragon Treasury Plc

Paragon Asra Housing Limited ('PA Housing') trading update and unaudited financial results for the period ended 30 September 2019

**PA Housing, the parent company of Paragon Treasury Plc and a Registered Provider owning and managing over 23,000 homes in the East Midlands, London and Surrey, announces its trading highlights and unaudited summary financial results for the first half of the 2019/20 financial year.**

Over the period, PA Housing has delivered an operating surplus of £27.7m from turnover of £74.9m, equating to an operating margin of 37 per cent. The net surplus after interest and other adjustments is £13.7m. Total available liquidity is at £238m. Overall results on core lettings operations are in line with budget expectations. New build shared ownership sales completions are behind budget, primarily reflecting a timing variance driven by delays in completion of the build phase on some development projects. As at the end of September only 16 homes were unsold and available.

Key financial and operational highlights include:

- Successful launch of our expanded 'Team Purple' housing services model, with 30 new employees recruited and early positive impacts on customer engagement and satisfaction
- Capital investment in our existing stock forecast at £18m, including substantial programmes which will improve the energy efficiency of our homes

- Investment in new homes forecast at £180m, with 750 homes on site and a target to complete 400 homes in the year (all of which are core social housing properties)
- Receipt of £25m additional grant funding from the GLA in support of our new build programme
- Strong margins achieved on new build shared ownership sales to date, with demand in our core operational areas remaining solid and sales values holding up well
- Securing £2m of additional income for residents through our tenancy sustainment work
- A surplus of £1.6m from shared ownership staircasing transactions, some £0.7m ahead of budget
- Weighted average cost of capital reduced to 3.9 per cent, arising from work to restructure the derivatives portfolio
- Establishment of and recruitment into a new Board Trainee position, which has been designed to promote access to non-executive positions for people from minority ethnic backgrounds
- A successful summer work experience scheme for children of residents and staff, in support of our ambition to help young people into employment

## Outlook

PA Housing's financial position remains stable and resilient, in line with the business model which focusses on core social housing activities. Our A3 Stable rating with Moody's

was reaffirmed in October 2019. Liquidity is strong and work is ongoing to develop further lines of liquidity in support of our medium term growth plans. We continue to prioritise the safety and comfort of our residents – this will entail some additional expenditure commitments in relation to the evolving national fire safety agenda in particular, and we will factor those commitments into our financial planning. During the current year we remain on track to meet our financial golden rule targets.

## Statement of Comprehensive Income to 30 September 2019

	Actual £m	Budget £m	Variance £m
Rent and service charges income	65.5	66.3	(0.8)
Shared ownership first tranche sales	4.5	11.6	(7.1)
Other income	2.2	1.9	0.3
Amortisation of Social Housing Grant	2.7	2.6	0.1
<b>Turnover</b>	<b>74.9</b>	<b>82.4</b>	<b>(7.5)</b>
Core operating costs	(38.4)	(38.0)	(0.4)
Depreciation	(10.6)	(10.1)	(0.5)
Cost of first tranche sales	(2.6)	(8.0)	5.4
Surplus on fixed asset disposals	4.4	4.9	(0.5)
<b>Operating surplus</b>	<b>27.7</b>	<b>31.2</b>	<b>(3.5)</b>
Net interest	(13.5)	(13.7)	0.2
FRS 102 accounting adjustments	(0.5)	-	(0.5)
<b>Total comprehensive income</b>	<b>13.7</b>	<b>17.5</b>	<b>(3.8)</b>

## Disclaimer

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This unaudited announcement contains certain forward looking statements reflecting, among other things, our current views on markets, activities and prospects. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Actual and audited outcomes may differ materially. Such statements are a correct reflection of our views only on the publication date and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Financial results quoted are unaudited. We do not undertake to update or revise such public statements as our expectations change in response to events. Accordingly, undue reliance should not be placed on forward looking statements.

## Statement of Comprehensive Income to 30 September 2019

	30 Sep 19 £m	31 Mar 19 £m
Negative goodwill	(8)	(8)
Tangible fixed assets	1,706	1,672
Current assets	108	102
Current liabilities	(45)	(57)
<b>Total assets less current liabilities</b>	<b>1,761</b>	<b>1,709</b>
Creditors due after more than one year	(1,219)	(1,180)
Pension liabilities and other provisions	(27)	(27)
<b>Total net assets</b>	<b>515</b>	<b>502</b>
<b>Reserves</b>	<b>515</b>	<b>502</b>

## Enquiries

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