

# Paragon Asra Housing Limited ('PA')

## trading update and unaudited financial results for the period ended 30 September 2022

**PA, the parent company of Paragon Treasury Plc and a Registered Provider owning and managing nearly 24,000 homes in the East Midlands, London and Surrey, announces its trading highlights and unaudited summary financial results for the first half of the 2022/23 financial year.**

Results for the year to date align with Board expectations, taking into account additional investment which has been approved in certain areas in order to improve service delivery for residents. Property sales performance has been strong, both in terms of sales volumes and prices achieved.

Over the first half of the year, PA has delivered an operating surplus of £20.1m from turnover of £90.8m, equating to an operating margin of 22 per cent. The net surplus after interest and other adjustments is £4.2m. Total available liquidity as at the period end date was £354m, with a further £100m (nominal value) of retained bonds.

### Financial and operational highlights

- Average re-let days have continued to improve from the peaks experienced during the pandemic, hitting 34 days in September and averaging 38 days in the year to date.
- Rent arrears has remained stable to date in the face of increasing cost of living headwinds for residents, sitting at 4.4% at the end of September.
- 90% of complaints received in the year to date have been reviewed and responded to in line with our target timescale.
- 87 new build shared ownership homes have been sold, generating proceeds of £13.4m and a surplus of £2.8m at a margin of 21 per cent, in line with our budgeted sales margin for the year.

### Areas for improvement

- Routine responsive repairs completion rates are below expectations and we are working with our contractors to improve performance for residents. The emergency repairs service is performing well.
- Handover of completed new build homes is behind schedule due to delays on certain projects.
- Call answering rates in our customer contact hubs are below target, with particular resourcing issues within the Repairs Hub which are being resolved. Inability to contact us quickly is a key frustration for our residents, an issue which we must address.
- Overall customer satisfaction remains low, with 62 per cent of our residents expressing satisfaction with our services through the perception-based surveys we conducted in the second quarter of the year. A number of workstreams are in train to improve satisfaction with our services, although we recognise that progress is likely to be incremental.

### Outlook

The UK economy faces an extremely challenging period. The social housing sector and our residents will be affected. From the business perspective, the mismatch between income inflation and cost inflation is a key consideration. PA has seen double-digit inflation when renewing a range of supply contracts, and has experienced much more extreme inflation when procuring energy supply. Meanwhile the government has intervened to limit the level of rent increase for 2023/24. Although the cap level is not yet known, this will undoubtedly impact on our capacity

for investment in the year ahead. Our financial stress-testing regime plans for scenarios of this nature, and we are implementing appropriate mitigating actions to limit the impacts.

Our residents are also facing acute pressures and we will continue to offer support where possible. Given the heightened risks around rent collection, sales completions and supply chain management, we are forecasting on an extremely cautious basis in the short-term so as to safeguard the financial position. Should reality prove to be less severe than the pessimistic forecasts we are maintaining, we will release capacity for further investment.

## Disclaimer

The information in this preliminary announcement of interim results has been prepared by Paragon Asra Housing Limited and is for information purposes only. The announcement should not be construed as an offer or solicitation to buy or sell any securities issued by Paragon Treasury Plc or any other member of the Group, or any interest in such securities, and nothing herein should be construed as a recommendation or advice to invest in any such securities.

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.

## Enquiries

All enquiries in relation to this trading update should be directed to:

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## Statement of Comprehensive Income to 30 September 2022

	Actual £m	Budget £m	Variance £m
Rent and service charges income	73.4	74.1	(0.7)
Shared ownership first tranche sales	13.4	14.9	(1.5)
Other income	1.3	1.4	(0.1)
Amortisation of Social Housing Grant	2.7	2.8	(0.1)
<b>Turnover</b>	<b>90.8</b>	<b>93.2</b>	<b>(2.4)</b>
Core operating costs	(52.4)	(49.2)	(3.2)
Depreciation	(10.7)	(10.3)	(0.4)
Cost of first tranche sales	(10.6)	(11.9)	1.3
Surplus on fixed asset disposals	3.0	3.3	(0.3)
<b>Operating surplus</b>	<b>20.1</b>	<b>25.1</b>	<b>(5.0)</b>
Net interest	(15.9)	(15.3)	(0.6)
<b>Total comprehensive income</b>	<b>4.2</b>	<b>9.8</b>	<b>(5.6)</b>

## Statement of Financial Position as at 30 September 2022

	30 Sep 21 £m	31 Mar 21 £m
Negative goodwill	(6)	(7)
Tangible fixed assets and investments	2,095	2,000
Current assets	90	123
Current liabilities	(57)	(63)
<b>Total assets less current liabilities</b>	<b>2,122</b>	<b>2,054</b>
Creditors due after more than one year	(1,506)	(1,449)
Pension liabilities and other provisions	(17)	(17)
<b>Total net assets</b>	<b>599</b>	<b>588</b>
<b>Reserves</b>	<b>599</b>	<b>588</b>