



Paragon Asra

PA Housing

Investor Update

November 2020

Lead contact

Simon Hatchman *Resources Director*

simon.hatchman@pahousing.co.uk



Disclaimer

The information contained in this investor presentation including the presentation slides and any related speeches made or to be made by the management of Paragon Asra Housing Limited (“PA”), 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 PA. This presentation is believed to be in all material respects accurate 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 PA nor any of its representative directors, officers, managers, agents, employees or advisors or their respective affiliates, advisors or representatives, makes any representations or warranty (express or implied) or 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 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 PA nor any other person connected to it 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 PA with respect to the anticipated future performance of the group. Such statements, estimates and projections reflect various assumptions by PA’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.

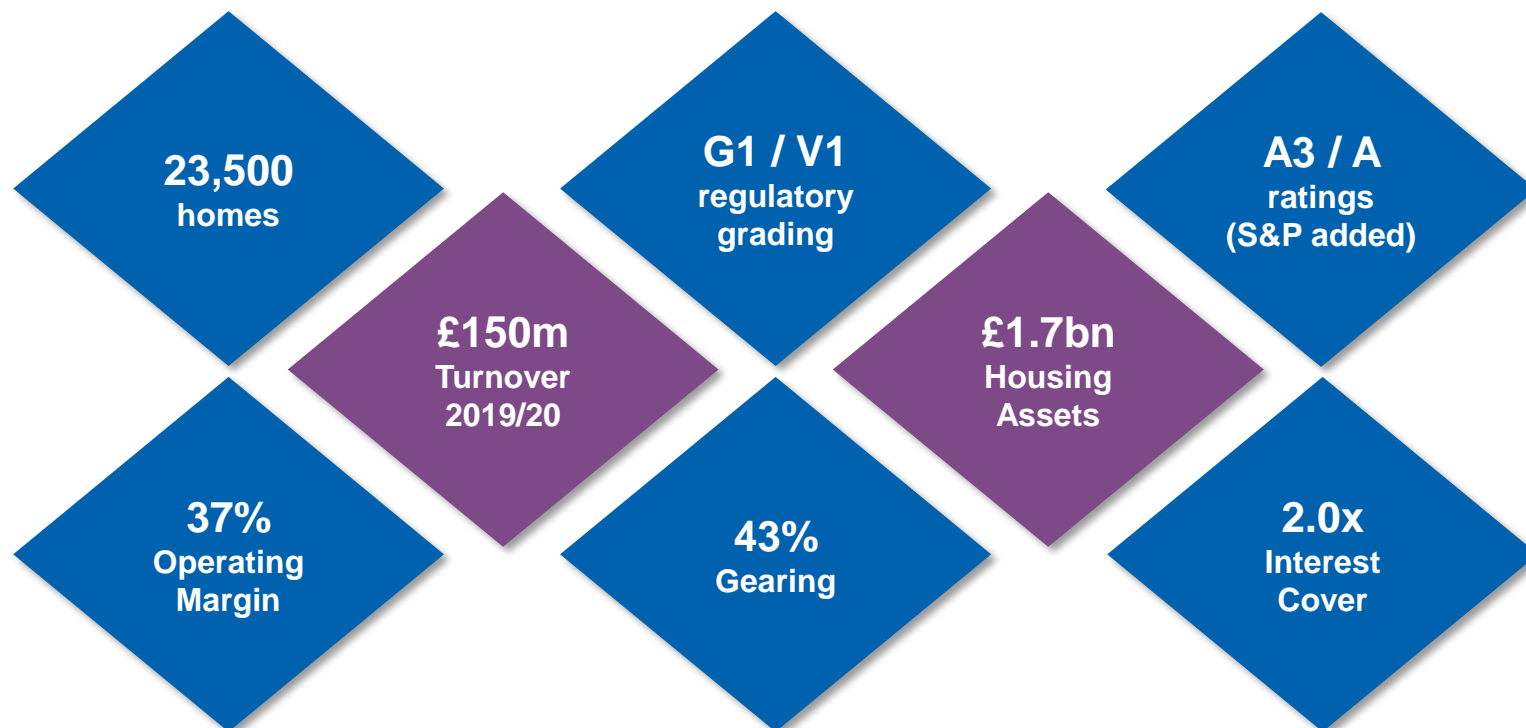
This Presentation is made to and is directed only at persons who are (a) “investment professionals” as defined under Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) or (b) high net worth entities falling within article 49 (2) (a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any person who is not a relevant person should not act or rely on this Presentation or any of its contents. Any investment or investment activity to which this Presentation relates is available only to and will only be engaged in with such relevant persons.

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. Any purchase of bonds should be made solely on the basis of a final prospectus to be prepared in connection with the bonds (which will supersede the Presentation in its entirety), which will contain the definitive terms of the transactions and be made public in accordance with the Prospectus Directive and investors may obtain a copy of such final document from the National Storage Mechanism.

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. PA does not accept any liability to any person in relation to the distribution or possession of this presentation in or from any jurisdiction.

PA Housing Overview

Key Credit Highlights



- Traditional general needs provider operating across London, Surrey and the East Midlands
- Growing shared ownership portfolio with no private sales aspirations
- Organic growth plan of 6,000 homes over 10 years
- Paragon issued a £250m bond in 2015, £25m retained element sold in 2019

Steve Amos



Dilip Kavi



Katherine Lyons



Rahul Jaitly



Chris Cheshire



Kathleen Harris-Leighton



Kim Francis



Seetle Patel



Andrew Carrington



Anne Turner



Curtis Juman



Hattie Llewelyn-Davies



Paragon Asra
PA Housing



Our Board

PA Housing Senior Management Team

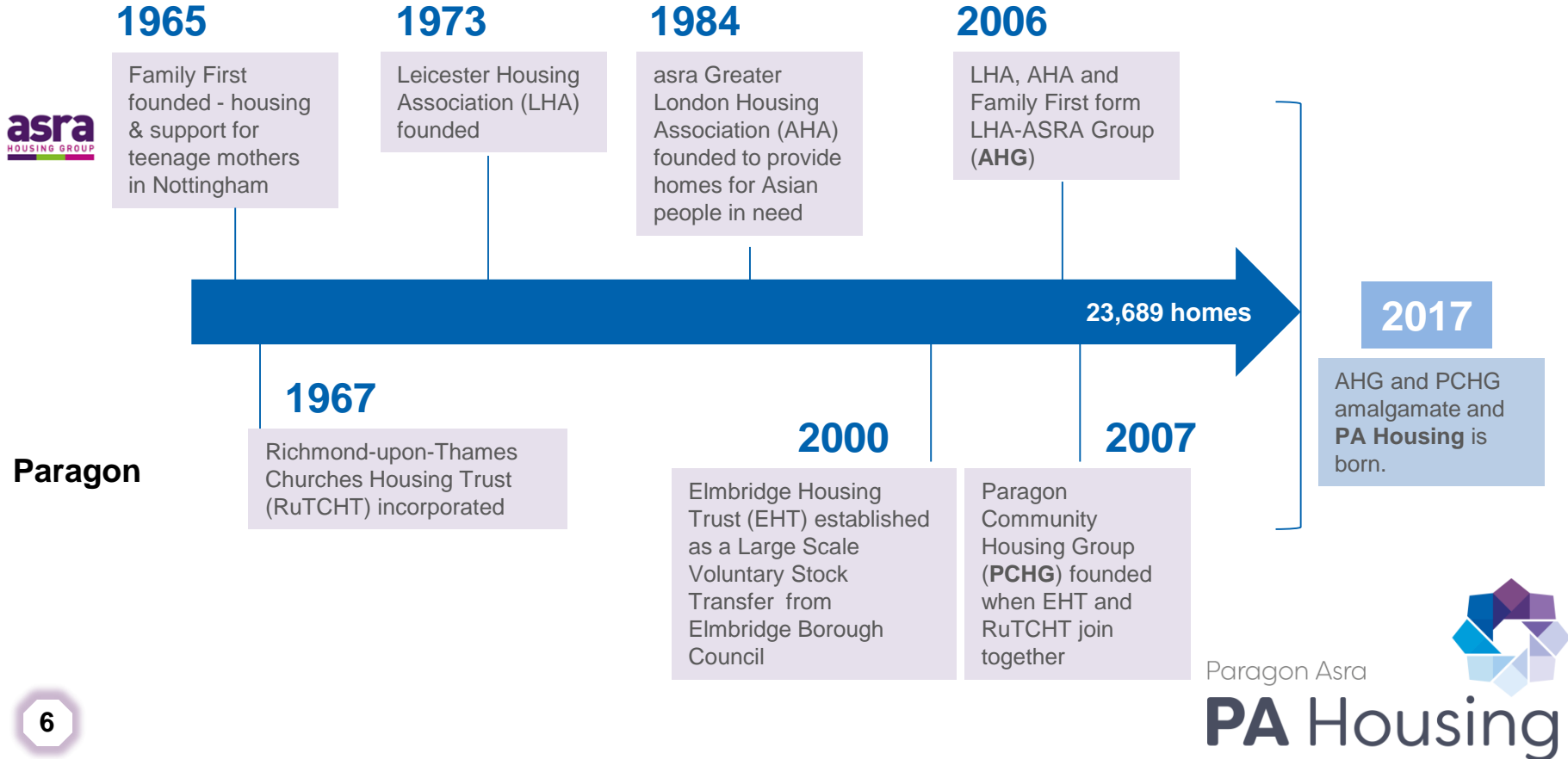
Senior Management Team



Where We've Come From

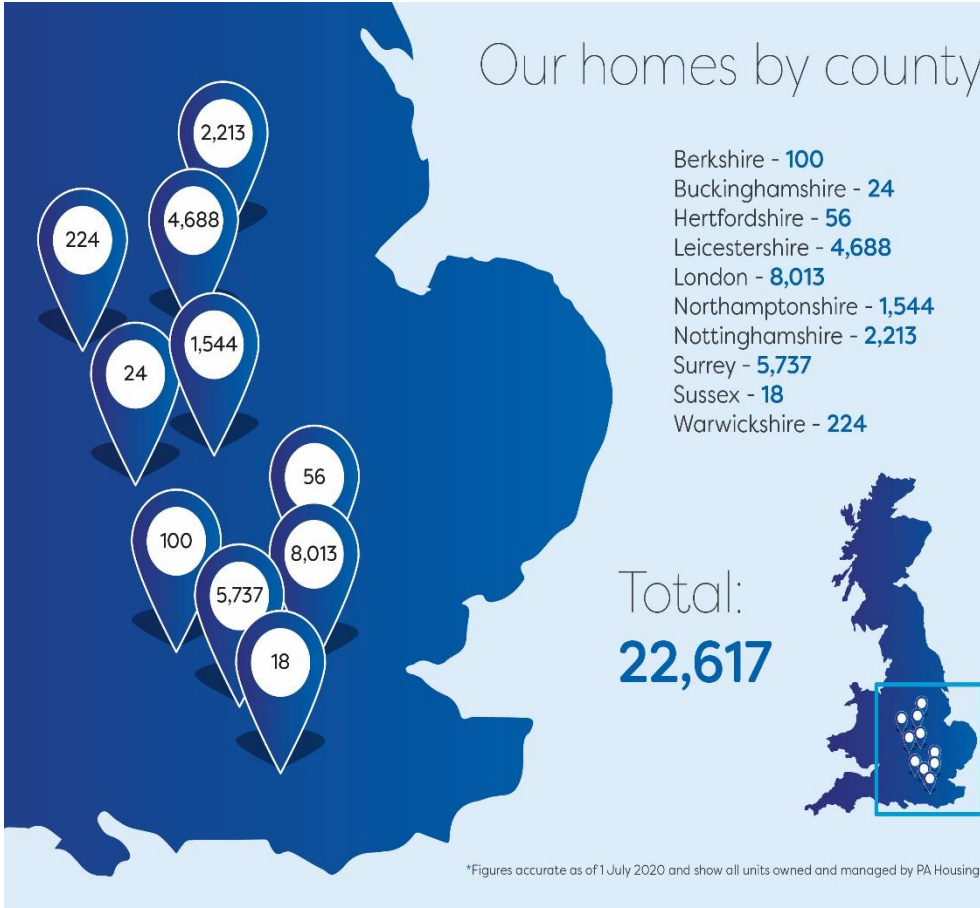
Our Heritage – celebrating equality, diversity and inclusion

Asra (Hindi word for 'shelter') was created as a Black and Minority Ethnic organisation: this history and legacy, and EDI more widely, remain at the core of PA

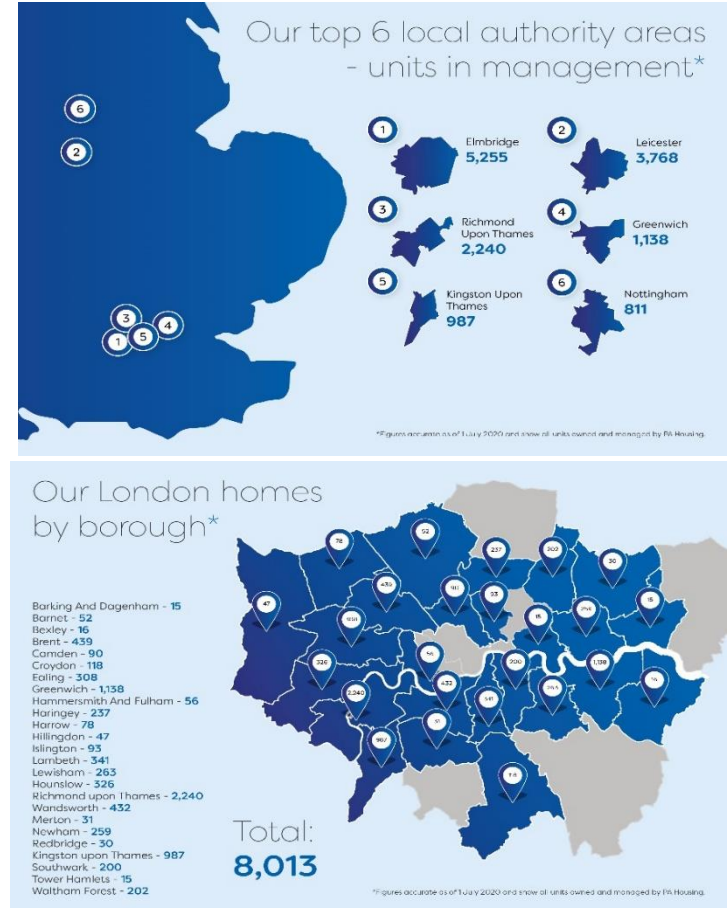


Areas of Operation

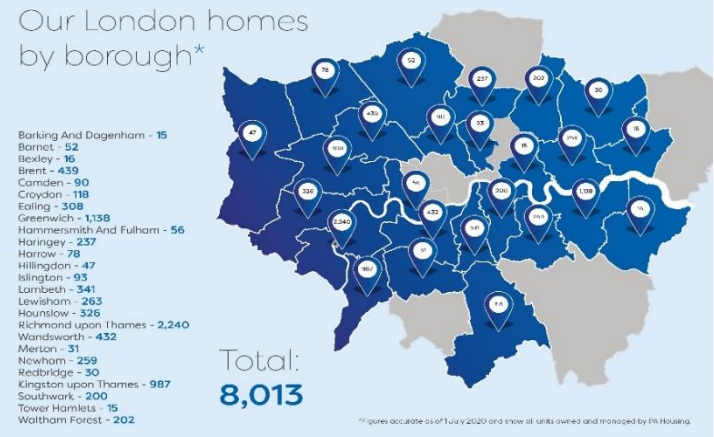
Our homes by county



Our top 6 local authority areas - units in management*



Our London homes by borough*



Where We're At

- Three successful years since PA was formed
- Simple governance structure, further health check undertaken
- Consistent improvements in customer service
- Robust financial performance
- New homes c.300 pa; pipeline 1,000+ across 30 sites
- Maintained regulatory and credit ratings
- Four new Board members
- Recruited Assistant Directors through succession planning route
- Navigated COVID-19 challenges
- New 3 year Corporate Plan
- Equality, diversity & inclusion challenges embraced, more to do
- Board focus on people safety and financial viability

New Corporate Plan 2020-2023

Our Strategic Objectives and Goals

Our approach for the next three years is underpinned by six clear objectives, each with measurable goals.

1. Providing great services to customers
2. Positive relationships in our neighbourhoods
3. Sustainability strategy to deliver net zero-carbon before 2050
4. Increase construction of affordable and social homes
5. Maximise our capacity to deliver
6. Our People – delivering the plan

Our Vision

To connect with customers in every community we serve, providing quality homes and services, creating places where people thrive and are proud to live.





Paragon Asra

PA Housing

Business Operations



Highlights of Last 12 Months

- PA New Housing Service – Team Purple
- Property Health and Safety - Fire Safety
- Tenancy Sustainment
- Community Investment - employment, health and well being.
- PA response to COVID 19
- Stock Investment and Maintenance – no compromise approach
- Sustainability Strategy - PA approach

Maintenance Services Improved

- Focus on addressing lower satisfaction rates and historic delivery issues in London
- Mixed economy of in-house and external contractors – mitigating performance risk
- Resident scrutiny of services and feedback used to reshape delivery methods
- DLO service in Midlands expanded, plan to expand repairs services further in 2021
- Digitalisation – 10,200 active users of 'My PA' raising 735 repairs a month

London
satisfaction
rate up from
68% to 91%

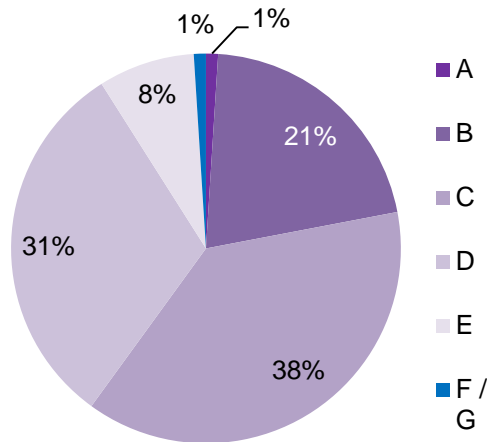
DLO delivers
300+ voids
per annum

Emergency
Repairs 99.4%
Routine
Repairs 94.3%

Repairs
service
satisfaction
86%

Energy Efficiency

EPC ratings



- Rolling programme of refreshing EPCs across the stock.
- £230m additional investment in business plan.
- Target 10,500 most poorly performing properties for improvement to EPC C by 2035.
- Invest in estate infrastructure e.g. recycling facilities, biodiverse planting, electric vehicle charge points.
- Upgrades through First Time Central Heating and Green Homes Voucher schemes

Case study: Thames View House, Walton

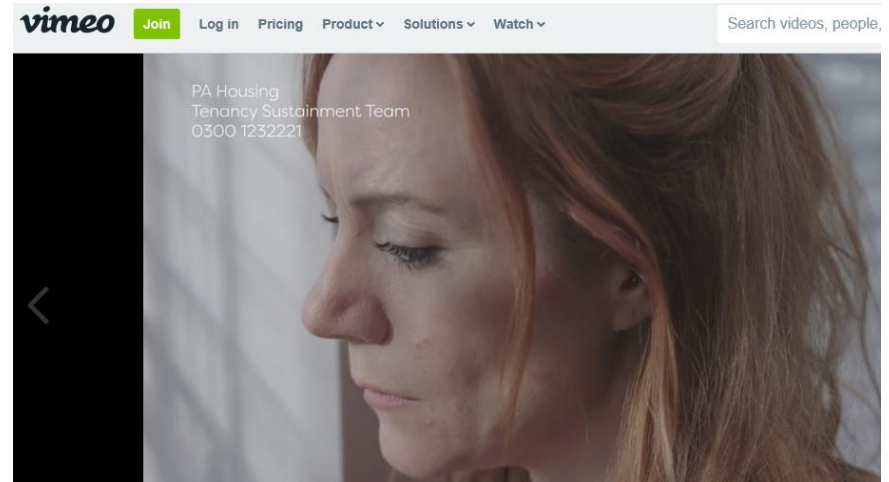


- 35% additional carbon reduction above Building Regs
- Efficient centralised heating plant
- Solar panels
- 50% of parking spaces enabled for EV charging
- Biodiverse planting including 48 new trees
- Improvements to local park and public transport

ESG activities



Sustainability Reporting Standard for Social Housing to be launched 10 November 2020



Sustainability Strategy

Properties, People, Partners



Paragon Asra

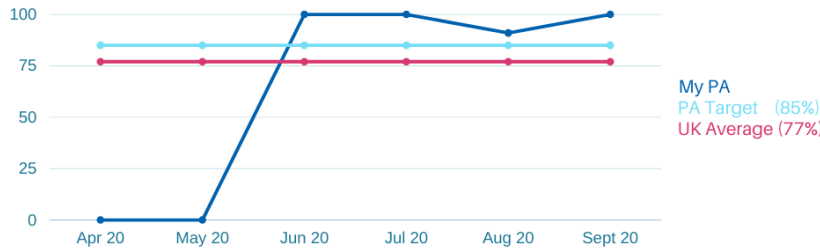


Digital Services

My PA

Quarterly Performance Q2 Jul - Sep '20

My PA CSAT: No data for Apr & May 20



Repairs:

- Wates: 14%
- Fortem: 10%
- DLO: 22%

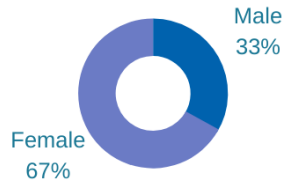
12.5%: Total repairs raised online
Apr-- June 2020

Registered Users:

Region	PAH	My PA
London	20.32%	22.07%
Midlands	37.51%	51.59%
South East	40.83%	25.07%

52%

Of properties with at least one My PA registered tenant.



% customers registered vs non registered



10895
No. Customers registered on My PA

Payments:

JUL - SEP '20

3841

Average number of monthly payments

£3.7m

RENT PAYMENTS MADE ON MY PA

£319.72

Average payment amount



Paragon Asra

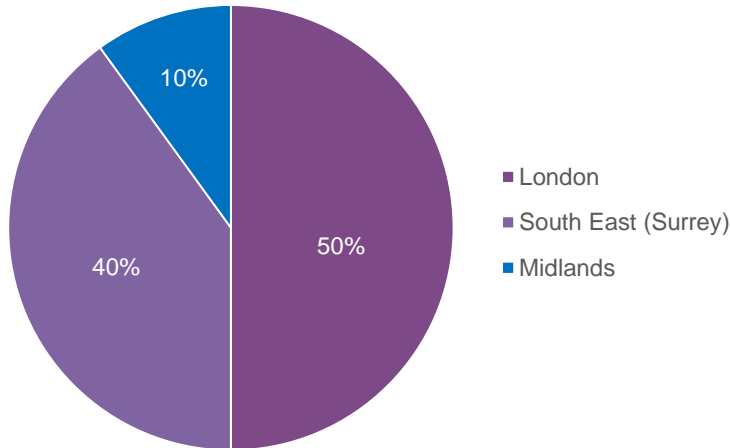


PA Housing

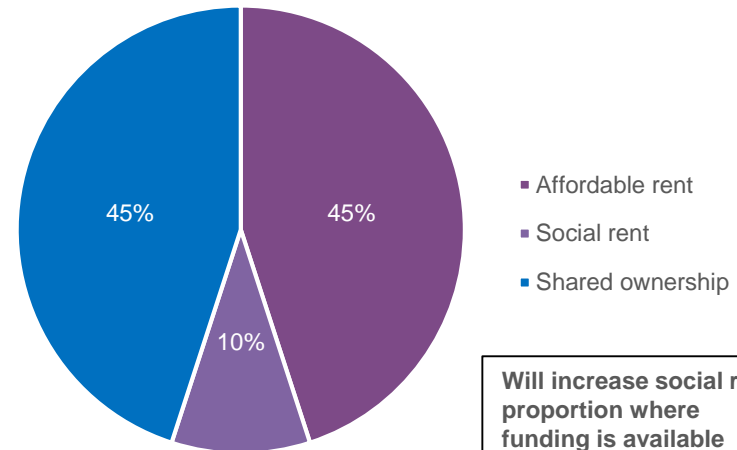
Development and Sales

Development Programme

Split by Location



Split by Tenure



Will increase social rent proportion where funding is available

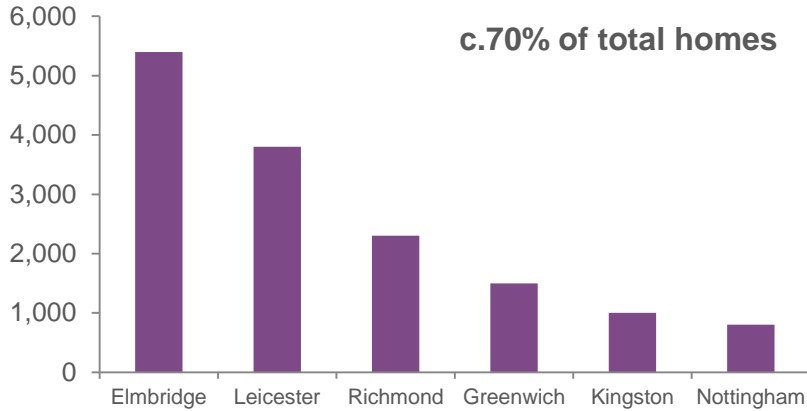
Projected Programme and Considerations

- Targeting 6,000 new homes 2020 to 2030
- Limited Central London activity
- Maintaining geographic diversification
- Supply and demand fundamentals remain positive
- Mortgage availability remains strong in our localities although some current delays (COVID and EWS)
- Close monitoring by Board and Exec
- Liquidity impact of a depressed sales environment rigorously tested and monitored

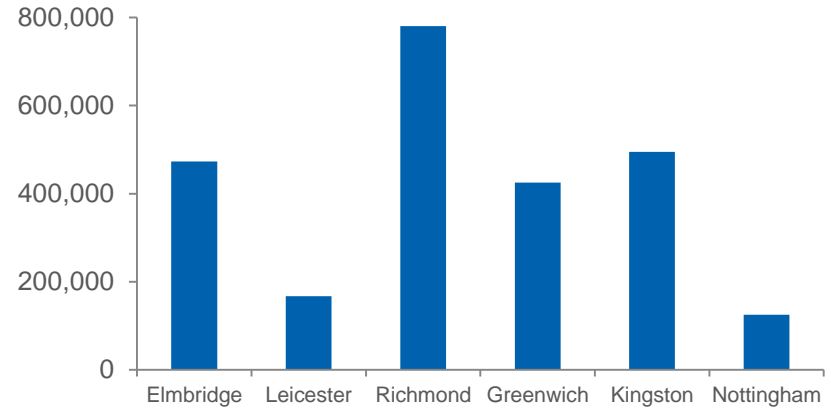


Demand for Homes in Key Localities

PA Units

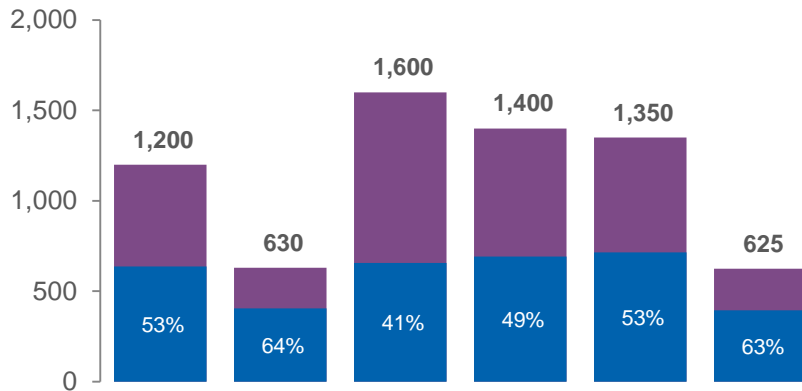


Median Terraced House Price (£s)



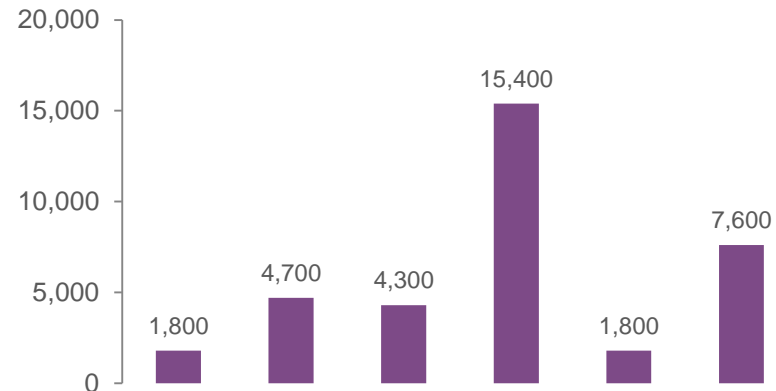
Source: ONS

Median Two Bedroom Monthly Rent vs PA Average (£s)



Source: VOA

Waiting List Numbers



Source: Local Authorities

Paragon Asra

PA Housing



Current Programme Activity

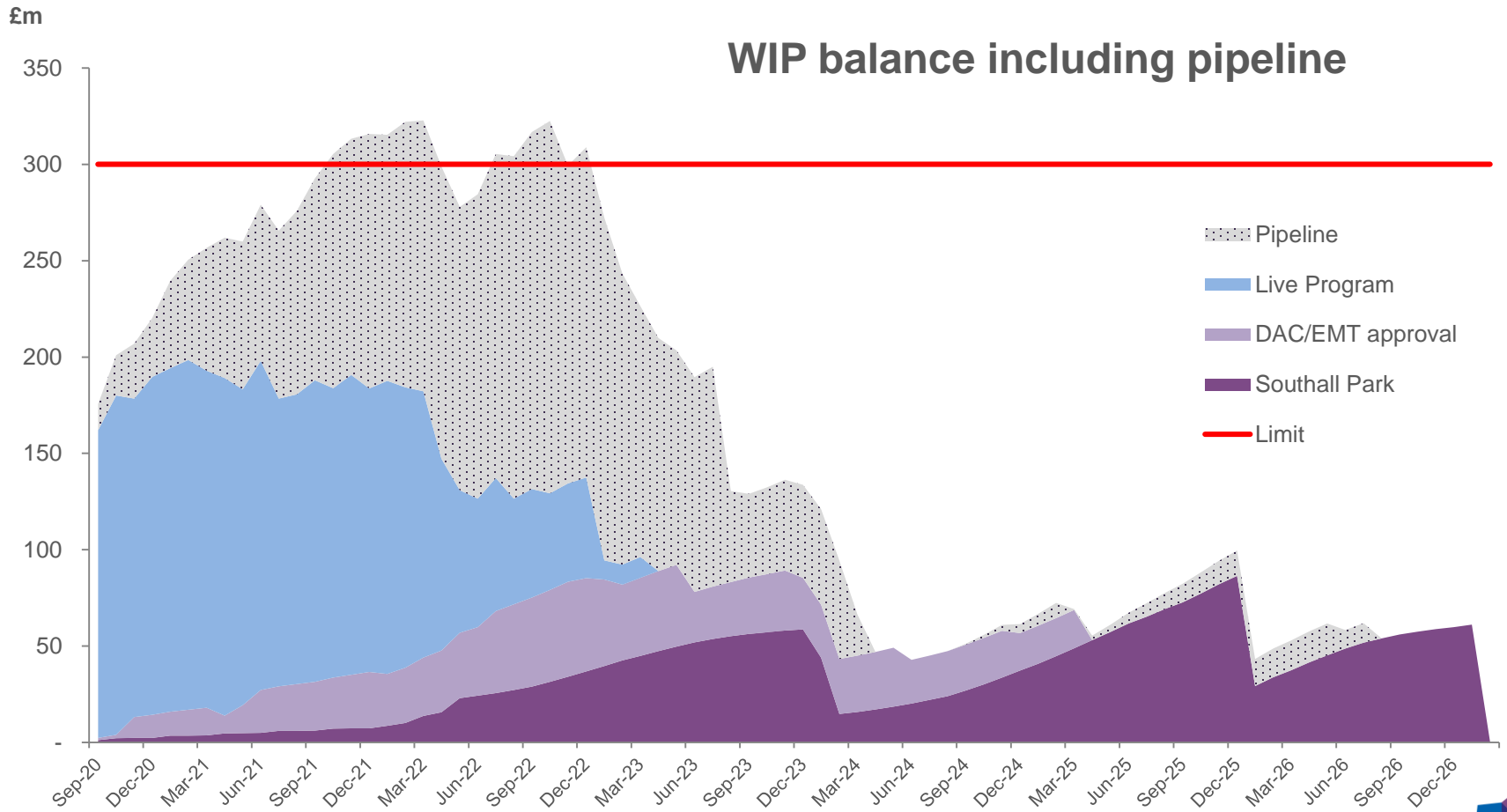
Location of Schemes in Contract

Croydon	195 units
Wandsworth	95
Southwark	70
Guildford	69
Greenwich	63
Kingston	62
Woking	54
Brent	40
Lewisham	33
Merton	22
Elmbridge	21
Sutton	16
Lambeth	12
Total	762

Sites Acquired

South East	542 plots
London	260
Total	802

Development WIP



Impact of Covid-19 Completions

Financial Year	Target	Actual / Projected
2019/20	406	249
2021/22	500	300 Projected
2022/23	550	450 Projected

- Initially 70% of sites closed late March 2020
- All reopened by late July
- Productivity significantly reduced circa 30% down
- Significant material shortages on restart and ongoing
- Skilled labour shortages still e.g. lift installations

Select Case Studies



Sandra & Radnor, East Molesey

- Scheme cost £13.5m
- 50 mixed tenure units incl. 6x SSR flats with office



Trinity Walk, Woolwich

- Regeneration in partnership with RB Greenwich
- Scheme cost £18.7m
- 85 rented and 20 shared ownership units



Derby Road, Nottingham

- Office conversion
- Scheme cost £1.25m
- 8 rented units



Pool Road, West Molesey

- Scheme cost £22m
- 55 rented and 20 shared ownership units

PA Shared Ownership

- Areas where we know the market well
- High demand areas
- Some London Boroughs and Surrey only
- Good local authority relationships
- No large single sites
- Diversified smaller sites
- Excellent customer service

Sales

	Unsold as at 28 Sep 2020	Reserved	Available	Number of sales since 1 April 2019	First Tranche Sales Value
Trinity Walk Phase 1,2,3	18	4	14	1	£1,918,650
Battersea Quarter Battersea	3	3	0	0	£543,750
Queens Road Weybridge	1	0	1	0	£112,500
Gwynne Road Battersea	2	2	0	0	£365,250
Gresham Road Brixton	4	1	3	3	£616,500
Lombard House Croydon	4	4	0	3	£577,250
Dairy Crest Walton	2	2	0	0	£182,500
Balham High Road, Balham	1	1	0	0	£112,500
Blagdon House, New Malden	5	5	0	4	£528,750
Osiers South Putney	14	7	7	5	£2,529,350
Hurst Park, East Molesey	5	2	3	3	£740,000
Rivernook Farm, Walton	1	1	0	5	£118,750
Radnor East Molesey	20	15	5	6	£3,142,250
Cross Lane Haringey	8	0	8	0	£1,164,000
TOTALS	88	47	41	30	£12,652,000

Homes England and GLA

- Well regarded by both bodies
- On target to meet all programme commitments
- 2016-21 Homes England Target 208 units
- 2016-21 GLA Target of 640 units
- Includes Sep 2019 New GLA allocation £21.14m for 193 units
- New bid Sep 2020 £12.89M for 412 units
- New 2021-2026 Bid Round - £12bn

Delivery considerations

Challenges

- Market Conditions
- Future trading relationships and materials
- Labour availability and skills
- Planning changes
- Housing land supply
- Government focus back on home ownership
- Undertaking property valuations and sales times

Opportunities

- Increased size of team inc. Midlands
- In-house technical support
- Focus on skills development
- New money through 2021-2026 programmes
- Some Local Authority funding available
- Access to land improving
- Contractors keen for work over 12 - 18 month contracts
- Covid recovery starting to drive innovation



Paragon Asra

PA Housing

Finance / Treasury update



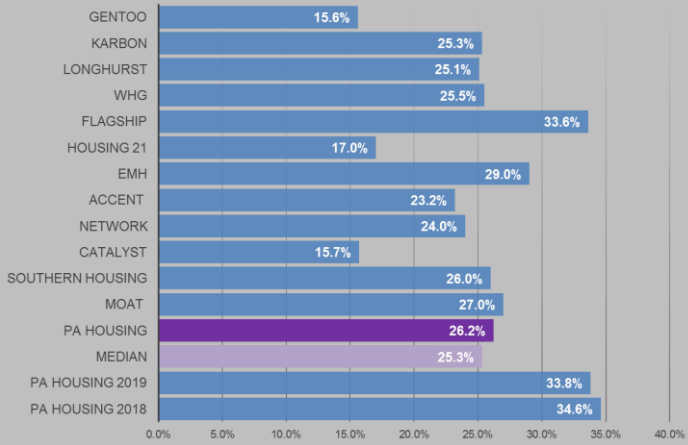
Financial Results – Headlines

	19/20	18/19	17/18
Turnover	£150m	£160m	£165m
of which Sales	£8m (5%)	£11m (7%)	£19m (12%)
Operating Surplus	£55m	£62m	£65m
Operating Margin	37%	39%	40%
Social Housing Lettings Margin	26%	33%	36%
Net Surplus	£29m	£39m	£33m
Free Cash	£11m	£15m	£20m
Housing Assets	£1.736bn	£1.642bn	£1.637bn
Debt	£796m	£709m	£689m

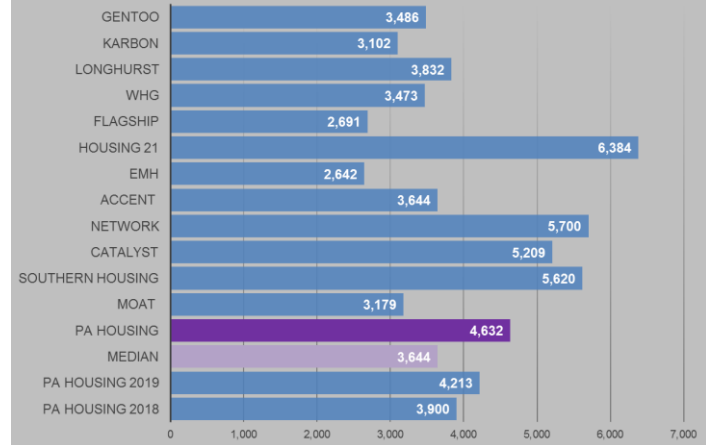
- All golden rules met
- Planned maintenance investment up by £5m
- Dedicated ESG section in accounts
- Some COVID impacts at year end
- Upward pressure on void rent loss
- £185m bank facilities completed March 2020

VFM metrics – Trend and Benchmarking

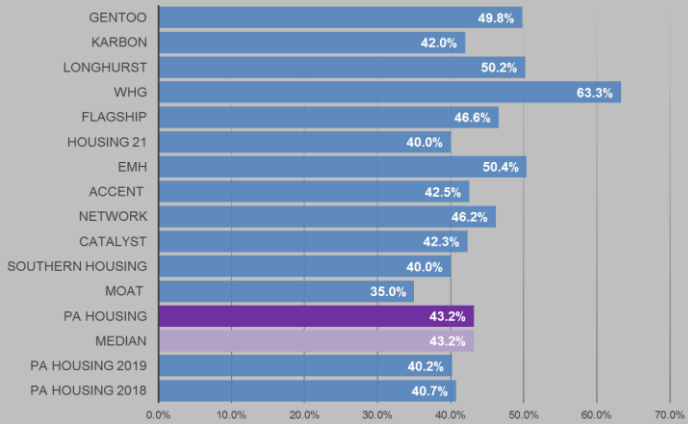
Operating Margin: Overall



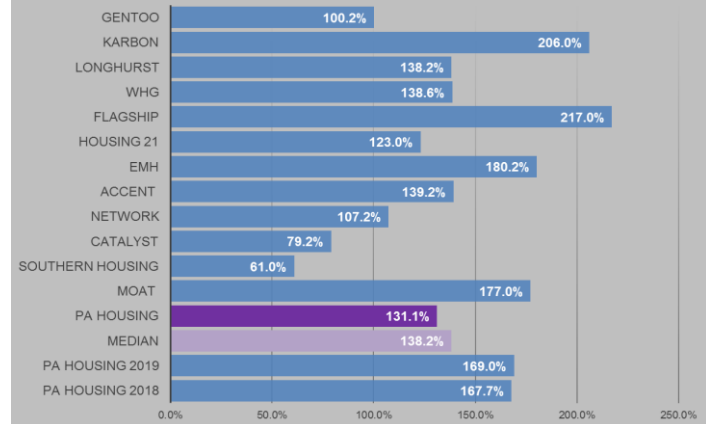
SH Cost per Unit



Gearing

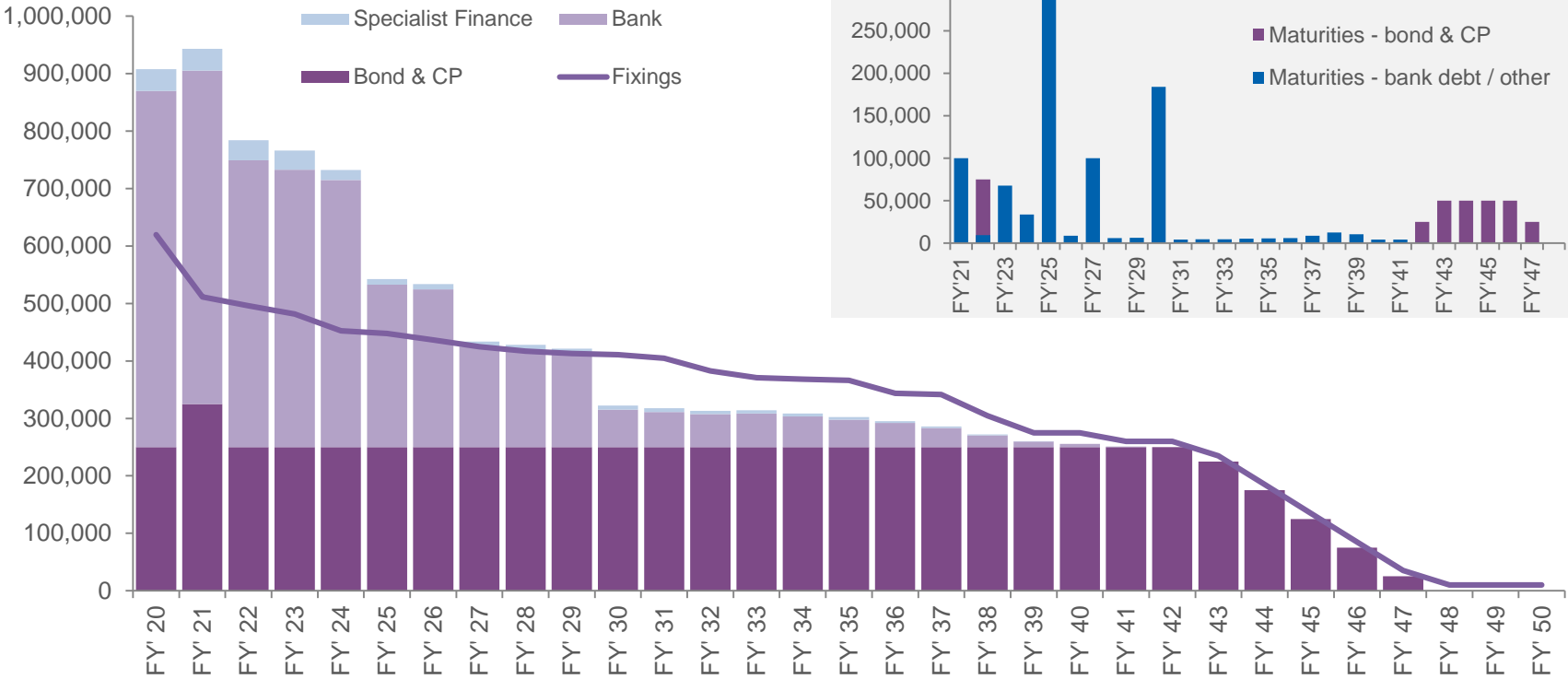


EBITDA

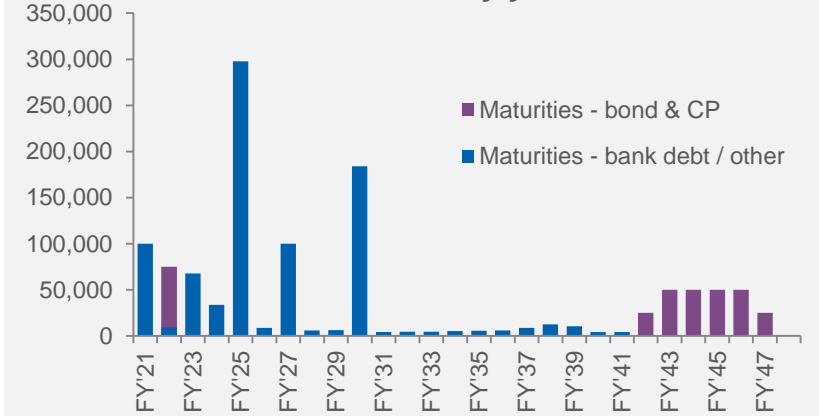


Current Debt Maturity Profile £k

Drawn debt: maturity profile



Maturities by year



Security Position

Current secured	£1.0bn
Current excess secured	£0.6bn
Uncharged	£0.6bn
LSVT uplift	£0.2bn
New build estimated by year 10	£0.3bn
Indexation @ 1% pa to year 10	£0.3bn
Equals capacity	£3.0bn
<i>Capacity minus 25%</i>	<i>£2.3bn</i>

Closing Summary

- PA is a traditional general needs HA with a conservative Board
- We have a steady growth plan which will not over-stretch us financially
- Our financial resilience is well established and extensively tested
- Our treasury position is tightly controlled and supported by appropriate policy limits
- Shared ownership is a product which works well for us in the right locations
- We continue to focus on excellent customer service
- We have a strong ESG narrative and are fully committed to keeping investors informed
- We see ourselves as a low risk organisation and we are seeking long-term relationships