



Contents

- 1 CEO statement
- 2 Our highlights
- 3 Customers and services
- 3 Margins and underlying surplus
- 4 Liquidity and funding
- 5 Summary Results
- 5 Statement of cash flows
- 6 Summary balance sheet
- 6 Board and Executive Leadership Team

CEO statement



During the first half year of 2019/20, bpha continued to deliver against its strategy and longer-term goals with its overall performance following the same trends reported in the 2018/19 Financial Statements.

Our core purpose to serve and support customers, tenants and communities is underpinned by our sustained investment in new affordable homes despite increasingly challenging and volatile market conditions. Since the beginning of the financial year, we have built a further 410 new affordable homes and we now own and manage 19,087 homes. In addition, the organisation invested £11.6m in its existing assets and a further £914k in systems and improvements that will help build longer term efficiency gains whilst opening up the potential for further improvements in customer service.

Our operating margin on social housing lettings of 42.4% (Sep 2018: 42.8%) evidences our strong financial performance, achieved through maintaining focus on core activities. Our performance remains in the upper quartile for the sector.

Following the organisation's second regulatory 'In Depth Assessment', the RSH confirmed that bpha maintained its top Governance and Financial Viability gradings of "G1" and "V1" when publishing its judgements in October 2019. Furthermore, our long-term credit rating of A+ (negative) was also reaffirmed by credit rating agency Standard & Poor's, evidencing our excellent liquidity position, underpinned by effective financial controls and our potential to generate cash consistently from core activities.

Whilst our overall operational environment is more challenging than in previous years, through careful financial management we have been able to continue developing our customer services, protecting our social assets and delivering our development pipeline. As a 'local' housing association at the centre of the strategically important Oxford to Cambridge growth arc, we recognise the long-term importance of our contribution to meeting the growing affordable housing need as well as safeguarding the interests of our existing customers. A sound and sustainable financial performance is crucial to these ambitions.

A handwritten signature in black ink, appearing to read 'Kevin Bolt', written over a white background.

Kevin Bolt
Chief Executive Officer
November 2019

Our Highlights

G1
Regulator of Social Housing governance rating
(Sep 2018: G1)

V1
Regulator of Social Housing viability rating
(Sep 2018: V1)

A+ (negative)
credit rating from Standard & Poor's
(Sep 2018: A+ (negative))

19,087
homes owned or managed
(Sep 2018: 18,506)

410
affordable homes built
(Sep 2018: 321)

74
Shared ownership sales
(Sep 2018: 105)

£44.5m
invested in new homes
(Sep 2018: £71.8m)

£11.6m
invested in maintaining and improving existing homes
(Sep 2018: £11.2m)

100%
of homes met Decent Homes Standard
(Sep 2018: 100%)

£12.2m
surplus before tax
(Sep 2018: £17.1m)

42.4%
operating margin on social housing lettings
(Sep 2018: 42.8%)

150%
EBITDA MRI (% of interest payable and similar charges)
(Sep 2018: 175%)

Operating and Financial Review

Customers and Services

Our core business continues to deliver excellent services to customers. On 1 July 2019 we successfully went live with a new finance and purchase ordering applications to further strengthen our financial controls and reporting systems. We have also gone live with the first phase of a new CRM system to deliver new digital services and approaches for improving customer engagement and feedback, which is in addition to existing channels of engagement.

Key highlights include:

- Total income from rent has grown by 4.8% compared to the previous half year, reflecting a net growth of new homes added to our portfolio.
- Total income from first tranche shared ownership sales reduced by 30% compared to the previous half year, following the trends in the market and reflecting the current uncertainties affecting consumers' confidence.
- Our operating costs are proceeding according to plan and our latest projections are in line with expectations.
- The increased investment we have been making in people and technology to enhance our service offering are beginning to deliver the expected social and economic returns.

Margins and underlying surplus

Our underlining surplus from operations for the half year was £12.2m (Sep 2018: £17.1m). As future interest rates projections have reduced, our Mark to Market (MtM) exposure against our derivative portfolio increased by £10.2m during the six months to September 2019 (Sep 2018: MtM exposure reduction of £4.5m). When including this movement in fair value of financial instruments, the surplus before tax was £2.0m (Sep 2018: £21.6m).

Underlining surplus from operations includes contributions from all business streams:

- Social housing lettings cover all management costs and interest charges.
- First tranche shared ownership sales and asset sales continued to contribute in the first half of the year but, as expected, are showing a decline when compared against the same period for last year following current economic and political uncertainties. We continue to take a prudent approach to the recognition of profit on sales from sites that have further units to be completed in the year.
- The total operating surplus of £25.1m includes an operating surplus from core activities for the first six months of the year of £19.9m (Sep 2018: £19.1m) at a margin on core activities of 40.3% (Sep 2018: 40.9%).
- Core activities covers lettings from both social and non-social housing activities.

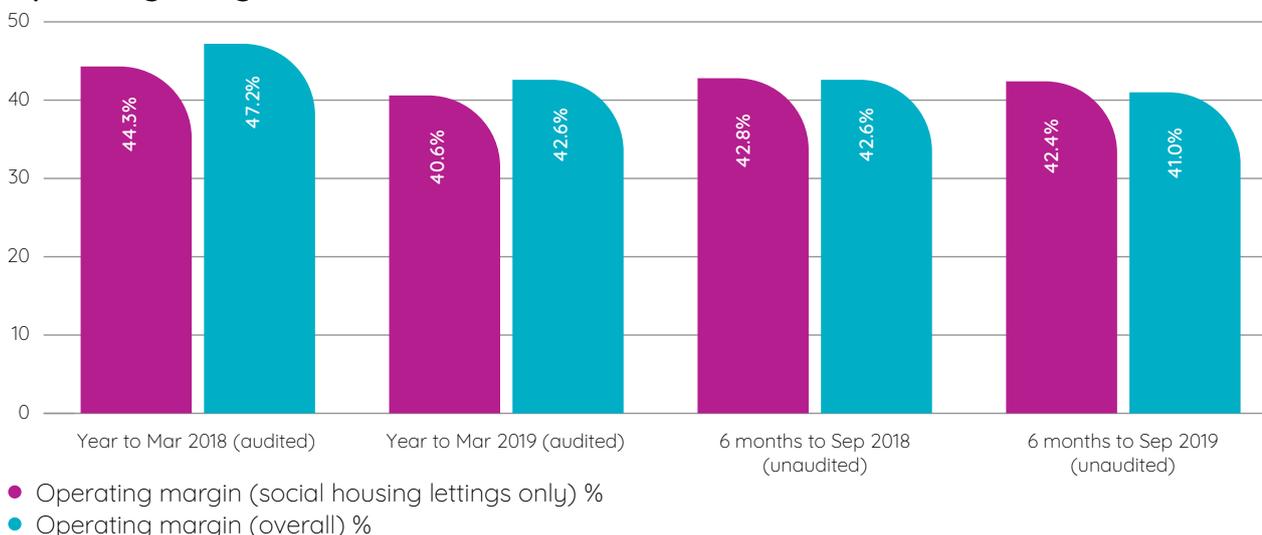
Operating margin remains strong

Investment in homes

We are strongly focussed on the delivery of new homes and have the financial capacity to make further commitments provided these meet our strict

financial development hurdles. During the period we delivered 410 new homes and a further 13 other additions following staircasing and buy back.

Operating margin %



	No of units at 31 Mar 2019	Additions	Disposals	No of units at 30 Sept 2019
Homes owned	17,255	410	(23)	17,642
Other properties owned	31	7	-	38
Properties owned	17,286	417	(23)	17,680
Properties managed on behalf of others	1,435	6	(34)	1,407
Total	18,721	423	(57)	19,087

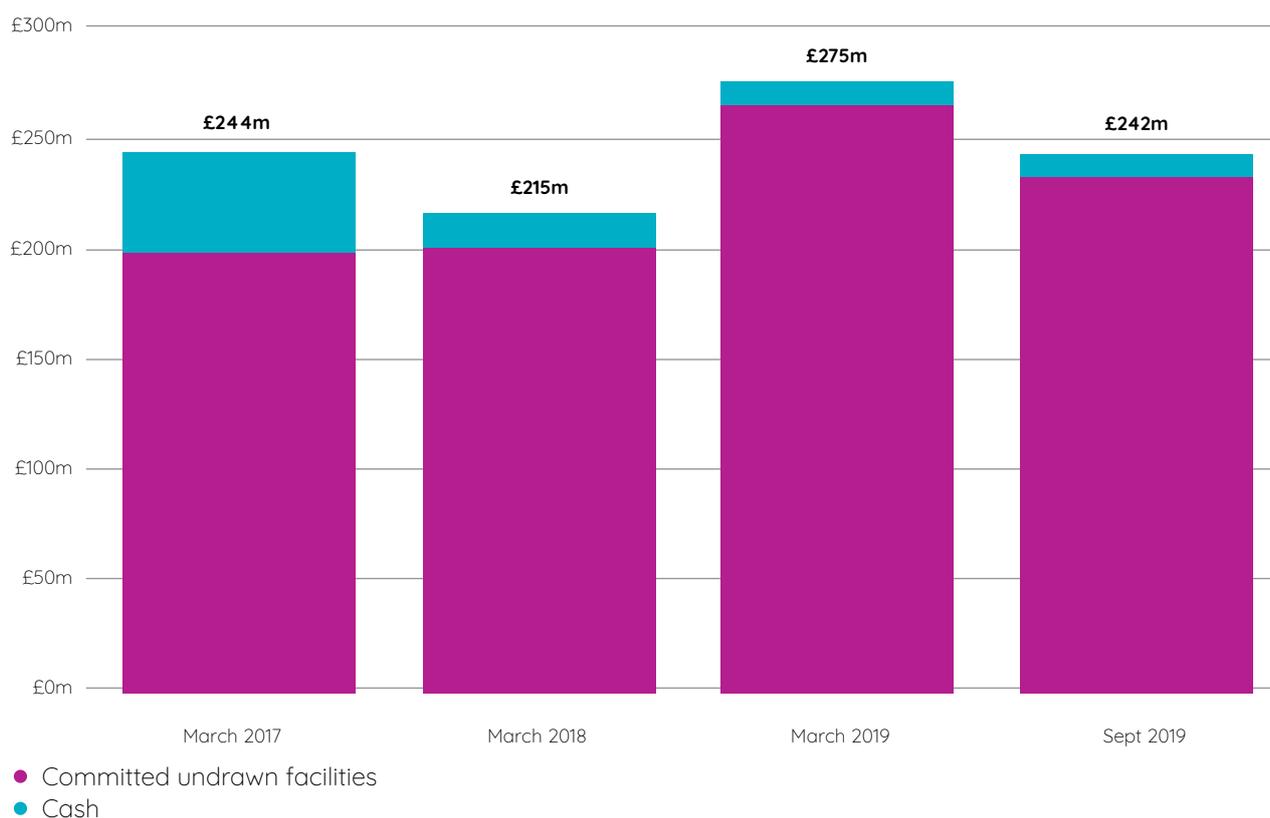
We have a strong development pipeline which remains focussed upon affordable rented and shared ownership homes with a limited exposure to development for market sale.

In the first six months of the year, we have invested £11.6m (Sep 2018: £11.2m) in improving and maintaining existing assets (£5.6m repairs plus £6.0m capital improvements) and £44.5m in developing new homes.

Liquidity and funding

At 30 September we had £242m of immediately available liquidity and all of our development commitments are fully funded. The liquidity trend is shown below:

Liquidity



In October 2019, Standard & Poor's reaffirmed bpha's long-term credit rating of A+, commenting "We view liquidity as a rating strength for bpha, underpinned by the group's strong financial policies". A copy of the rating update is available on the investor relations section of the bpha website at <https://investors.bpha.org.uk>.

Summary Results

Results for the period

Financial year	Unaudited results for six months to			Audited results year to	
	30 Sept 19 2019/20 £'000	31 Mar 19 2018/19 £'000	30 Sept 18 2018/19 £'000	31 Mar 19 2018/19 £'000	31 Mar 18 2017/18 £'000
Turnover	61,185	61,341	63,188	124,529	117,322
Operating surplus	25,078	26,184	26,898	53,082	55,377
Operating surplus as a % of turnover	41.0%	42.7%	42.6%	42.6%	47.2%
Net interest	(16,755)	(17,298)	(15,720)	(33,018)	(31,525)
Surplus from asset sales	3,877	4,999	5,927	10,926	11,195
Underlying surplus from operations	12,200	13,885	17,105	30,990	35,047
Movement in fair value of financial instruments	(10,167)	(5,319)	4,523	(796)	9,142
Valuation gain/(loss) on investment properties (Note)	-	3,935	-	3,935	(2,530)
Surplus before tax	2,033	12,501	21,628	34,129	41,659

Note: Investment properties are subject to a Directors' valuation at half year and are externally professionally valued at March year end.

Statement of cash flow

Financial year	Unaudited results for six months to			Audited results year to	
	30 Sept 19 2019/20 £'000	31 Mar 19 2018/19 £'000	30 Sept 18 2018/19 £'000	31 Mar 19 2018/19 £'000	31 Mar 18 2017/18 £'000
Net cash flows from operating activities	28,617	29,020	29,383	58,403	57,087
Interest paid	(19,048)	(17,866)	(17,775)	(35,641)	(34,310)
Operating cash flow net of interest	9,569	11,154	11,608	22,762	22,777
Improvements to housing properties	(6,492)	(8,697)	(6,153)	(14,851)	(10,993)
Other items	-	2,661	(130)	2,531	4,329
Operating cash flow net of interest, capex and other	3,077	5,118	5,325	10,442	16,113
Proceeds from assets sales	8,381	10,944	12,750	23,694	24,899
First tranche shared ownership sales	9,880	11,511	14,296	25,807	21,377
Operating and sales cash flow	21,338	27,573	32,371	59,943	62,389
Development spend	(44,545)	(48,704)	(73,867)	(122,571)	(82,954)
Net movements in borrowings and deposits	38,310	25,469	33,782	59,251	(3,620)
Net cash flow after development activities	15,103	4,337	(7,714)	(3,377)	(24,185)

Summary balance sheet	Financial year	Unaudited	Audited	Unaudited	Audited
		30 Sept 19	31 Mar 19	30 Sept 18	31 Mar 18
		2019/20 £'000	2018/19 £'000	2018/19 £'000	2017/18 £'000
Housing fixed assets		1,196,238	1,167,038	1,131,141	1,073,372
Other fixed assets		51,048	52,148	52,250	54,561
Net current assets		40,742	24,062	16,630	21,113
Total assets less current liabilities		1,288,028	1,243,248	1,200,021	1,149,046
Debt (due over one year)		805,900	773,977	764,243	731,394
Other long term liabilities		208,602	197,778	177,396	180,899
Total long term liabilities		1,014,502	971,755	941,639	912,293
Reserves		273,526	271,493	258,968	236,753
Total long term funding and reserves		1,288,028	1,243,248	1,200,607	1,149,046

Board and Executive Leadership Team

Board non-executive directors

Paul Leinster	Chair of the Board
Martin Hurst	Chair of the Finance and Treasury Committee
Ian Ailles	Chair of the Audit and Risk Committee and Senior Independent Director
Paul High	Chair of the Development Committee
Jill Ainscough	Chair of the Remuneration and Nominations Committee (retired 30 September 2019)
Shirley Pointer	Chair of the Remuneration and Nominations Committee from 1 October 2019 (appointed 1 April 2019)
Clr Shan Hunt	Independent Non-Executive Director (retired 31 May 2019)
Geraldine O'Sullivan	Independent Non-Executive Director (appointed 1 April 2019)
Bob Tattar	Independent Non-Executive Director (appointed 1 October 2019)

Board executive directors

Kevin Bolt	Chief Executive
Francesco Elia	Interim Chief Financial Officer (appointed 1 April 2019 and resigned 14 October 2019)
Julian Pearce	Chief Financial Officer (appointed 14 October 2019)
Julie Wittich	Executive Director of Assets
Jeff Astle	Executive Director of Development and Sales

Executive Leadership Team - The executive leadership team consists of the Board executive directors together with the following:

Anna Humphries	Director of Customers and Services
Adrian Moore	Director of IT
Liz Parsons	Director of Quality and Communications

Company Secretary

Philippa Spratley	Company Secretary
-------------------	-------------------



bpha Limited
Registered as a society under the
Co-operative and Community
Benefit Societies Act 2014
Registered number: 26751R

Registered with the Regulator
of Social Housing
Registered number: LH 3887

Tel: 0330 100 0272
www.bpha.org.uk/investor-relations