

Press Release

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Southern Housing Group raises £175 million + on bond market

Building upon an A1 rating from credit rating agency Moody's Investor Services, Southern Housing Group has successfully secured its funding requirements for the foreseeable future with its first own name bond issue.

The bond has facilities in place worth up to £175 million over the next five years, available in tranching payments, minimising the cost of carry to the Group while ensuring funds are available when they are needed.

The Group has issued a £125 million listed bond, with £75 million drawn now and with an option via a retained bond to draw a further £50 million at any time in the next five years.

The bond was issued at a rate of 4.5 per cent and matures in February 2039.

In addition, the Group has issued a five-year forward start bond maturing in 2044, guaranteeing a £50 million drawdown in five years' time at rates set now. This price certainty is a feature that has rarely been seen on bond issues in the sector to date.

Group Finance Director, Rosemary Farrar said the money raised would ensure availability of funds for the Group's business plan and development agenda.

"We have a strong business so we have been able to take advantage of favourable market conditions in order to raise this relatively small bond issue. It will allow us to move forward with funding in place to deliver our 30 year business plan with greater operational flexibility.

"It will also allow us to continue with the diversification of our product range as set out in our new Corporate Strategy. We are focusing on providing a range of housing options for our residents no matter what stage of their life they have reached."

The pricing of the Group's relatively modest issue reflects the stability and strong performance of the business which has reported a surplus of £38.8 million in 2012/13, up from £17.9 million the previous year.

Tom Dacey, Group Chief Executive said, "With the very limited government grant now available to housing associations the money raised by this bond issue will allow us to continue operating successfully and re-investing back into our business for the benefit of our residents."

ENDS

Notes to Editors

For further information please contact Chris Mitchell, Communications Account Manager at Southern Housing Group on 0207 7553 6490 or email chris.mitchell@shgroup.org.uk

About Southern Housing Group

www.shgroup.org.uk

- The fixed-rate price for the £50m five-year forward starting funding is 5.364%.
- Providing support for the bond issue were:
 - Goldman Sachs - lead advisors
 - Devonshires - legal advisors
 - Bevan Brittan - property lawyers
 - Allen and Overy - listing lawyers.
- Over the last 110 years, Southern Housing Group has become one of the largest housing associations in the south of England, housing 66,000 residents, managing more than 26,000 homes, employing over 800 people and working with more than 70 local authorities across the South East, including the Isle of Wight.
- Our activities focus on four key areas: the development of quality affordable housing; housing and neighbourhood management; a range of housing options for rent and home ownership; and social and economic regeneration.
- Our social and economic regeneration work is undertaken to improve the lives of residents in the communities and neighbourhoods where we build and manage homes. It provides tangible evidence of our commitment to building sustainable communities.
- Southern Housing Group is a member of the g15, which represents London's 15 largest housing associations. The g15 houses one in ten Londoners and builds a quarter of London's new homes. We are working to solve the housing crisis by delivering good quality, affordable homes of all types. To find out more about the g15's work please visit www.g15.org.uk