



## EDINBURGH HOUSING ASSOCIATION LINK GROUP BORROWS £45 MILLION IN PRIVATE PLACEMENT DEAL WITH M&G INVESTMENTS

*First transaction of its kind with one of Scotland's largest housing associations*

3 April 2014

**Link Group Ltd**, the Edinburgh based housing association, and **M&G Investments**, a leading international investment manager, have struck a deal that provides the former with £45 million of long-term institutional financing.

This is the first bilateral investment in a Scottish housing association by a long-term institutional investor. The 31 year fixed rate financing enables Link Group Ltd to refinance some of its existing bank debt and meet its development ambitions over the coming years. The Link group of social enterprises reaches around 10,000 people in 26 of Scotland's 32 local authority areas, mainly in the Scottish central belt.

Prior to this landmark deal, Scottish housing associations relied exclusively on banks and The Housing Finance Corporation to meet their funding requirements. In recent years, as the general long-term financing landscape has changed, non-bank lenders such as M&G are providing an increasing amount of finance over the long-term.

**Craig Sanderson, Chief Executive, Link Group Ltd**, says: "Link continues to deliver over 200 new homes each year, despite the challenging economic climate. This new funding not only allows us to supplement this substantial programme but also demonstrates a key institutional investor's support which will enable Link to accommodate many more families in housing need."

**Mark Davie, Head of Social Housing, M&G Investments**, says: "This is another high quality private placement that delivers low-risk cash flows to our clients over the long-term. M&G has invested in excess of £4bn in UK social housing through property transactions, public bonds and private placements. Much of that investment has come since the start of the financial crisis and we're keen to do more."

**Clive Barnett, Managing Director Housing Finance at RBS** said: "We are delighted to be involved in arranging the first private placement funding for a housing association in Scotland. This arrangement provides £45m of finance via capital market funding to support this essential sector and could deliver a significant number of new affordable homes across Scotland. Link is a long-standing RBS customer and we're very pleased to be able to arrange this level of funding, which offers long term security, facilitates growth and complements the continuing loan funding provided to Link by RBS."

Link engaged its Treasury advisors Murja Limited to advise on its long term funding options and the Royal Bank of Scotland Private Placement Team was appointed to source investors.

**ENDS**

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## **Notes to Editors**

### **About Link Group Ltd**

The Link Group is the largest traditional housing association group in Scotland. It provides new and improved homes for rent and sale, community regeneration services and support and care for individuals. The Group is committed to the welfare of tenants and to the principles of social justice and inclusion.

Formed in 1962, Link has grown to become one of Scotland's leading providers of housing and related services. It helps to deliver innovative regeneration projects in partnership with local communities, including health facilities, environmental initiatives, training schemes and financial inclusion projects, reaching around 10,000 people in 26 of Scotland's 32 local authority areas, mainly in the Scottish central belt.

Link is both UK Social Enterprise of the Year and Scottish Housing Association of the Year 2013.

### **About M&G**

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 31 December 2013 the firm managed over £244 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.

Headquartered in London, M&G employs over 1,500 people worldwide operating from offices across Europe and Asia.

M&G's history is a story of investment firsts, from the UK's first mutual fund in 1931 to the Inflation Linked Corporate Bond Fund in 2010. M&G is the investment arm of Prudential plc in the UK and Europe.

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