

21 December 2016

Telford Homes Plc
('Telford Homes' or the 'Group')

Third Build to Rent sale for £48.6 million

Telford Homes Plc (AIM: TEF), the residential property developer focused on non-prime London, is pleased to announce that it has exchanged contracts for the sale of The Forge, Redclyffe Road, E6, to M&G Real Estate. This is the Group's second transaction with M&G following the sale of Carmen Street, E14 in May 2016. M&G Real Estate is one of the UK's largest property investors and the real estate fund management arm of M&G Investments, a leading international asset manager controlling assets in excess of £255 billion.

The Forge is the Group's third significant build to rent development to date and the sale comprises the freehold interest in the land and the construction of 125 open market homes for net consideration of £48.6 million. The sale to M&G is on a forward funded basis and will comprise an initial land payment followed by regular payments throughout the construction period and therefore will not require debt finance with only limited equity to be invested by the Group.

The Forge has full planning permission for 192 new homes including 67 affordable homes which have been sold to a housing association in a separate transaction. The development is currently under construction and is anticipated to be completed in 2019.

Telford Homes continues to explore further build to rent opportunities including the potential for longer term partnerships with key investors to enable further sales within a relatively fixed framework and to work together on future site acquisitions.

Alex Greaves, Head of Residential Investment at M&G Real Estate, commented: "We are thrilled to announce the next transaction with Telford Homes on 'The Forge' after completing the successful acquisition of Carmen Street earlier this year and look forward to exploring a more formal partnership in 2017.

"This deal further demonstrates our ability to deploy capital and our continued commitment to increase the supply of high quality, sustainable rental communities to London's housing market. Our residential strategy provides a route to delivering much needed housing stock at a much quicker rate and, in time, thousands of well-managed rental properties.

"We have now invested in over 2000 homes on behalf of UK and international institutional investors, including pension funds, insurance companies and local authorities. We will continue to add scale and efficiency to our portfolio, and providing our investors with long-term income growth."

Jon Di-Stefano, Chief Executive of Telford Homes, commented: "Build to rent is now a significant focus for Telford Homes with these transactions providing certainty over future revenues and cash flows, needing no debt finance and delivering strong returns on capital. We are a valuable partner for large scale investors given that we have the skills required to find land, achieve planning consents and manage and control all construction work.

"The sale of The Forge cements the strong relationship that we have formed with M&G Real Estate and we are delighted to be working with them again following the successful sale of Carmen Street earlier this year. Now that we are developing two schemes together I look forward to working closely with Alex Greaves and the M&G team and exploring ways of extending our partnership as we move into 2017."

- Ends -

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About M&G Real Estate

M&G Real Estate is the real estate fund management arm of M&G and is one of the top 25 real estate fund managers in the world by assets under management, with over £25 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 30 June 2016). M&G Real Estate has a sector leading approach to responsible property management, and is committed to assessing and improving the sustainability performance of funds under management.

M&G is the investment arm of Prudential Plc in the UK, Europe and Asia. For more information, please visit www.mandg.com/realestate

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 30 June 2016 the firm manages over £255 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.

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