

Swan's response to S&Ps rating review – November 2020

We have received confirmation that Swan Housing Association's credit rating with Standard & Poors (S&P) has been adjusted from BBB+ with a negative outlook to BBB with a positive outlook. The rating agency cited 'high sales exposure and leverage' attributable to delayed building signoffs and the Covid19 related lockdown as the primary drivers for the change.

The report noted that Swan continues to generate healthy margins in its more traditional business of social and affordable rent. It also stated that the stable outlook reflects a view that the strong operating performance and high asset quality of Swan's underlying social housing portfolio will help loosen the volatility and liquidity constraints caused by elevated open market sales exposure.

James King, Swan's Group Finance Director commented:

"We acknowledge the factors that S&P have taken into account when issuing this updated rating. The delayed building signoffs are now in place and we remain on track to complete the private and 1st tranche shared ownership sales on these schemes this financial year.

The Covid-19 pandemic has presented challenges however, as S&P note, we have responded quickly to date, ensuring our financial position remains robust. Our dedicated teams continue to provide frontline services to residents and support them to pay their rent. We have avoided furloughing any staff and have kept our modular manufacturing facility and development sites operational in a Covid-19 secure way.

We have already strengthened the depth of our reporting and our management and financial policies and we will continue this work over the coming months.

We remain passionate about our social purpose and, guided by our new corporate strategy, we intend to keep finding better ways of doing things so that we continue to improve lives and communities."