

For immediate release

27 September 2019

THFC/bLEND brings double deal

THFC and bLEND have each brought top-up long term public deals to the market at sub 2.5% within days of each other.

On Wednesday, THFC (Funding 3) issued £13.5m of retained bonds at a re-offer yield of 2.41% for two borrowers: Harrogate Housing Association and Newport City Homes. The £1.5m, 24 year funding for Harrogate was a top-up to an existing THFC loan, using surplus security already pledged to THFC.

“We were delighted to pass on these sorts of rates to Harrogate” said Piers Williamson, Chief Executive of THFC. “This represents THFC getting back to its roots - supporting small Housing Associations developing badly-needed affordable homes in their local communities and at some of the lowest borrowing rates we have achieved in our 32 year history”.

The loan to Newport City Homes was a follow-on transaction from their recent Private Placement. A combination of ultra-low Gilt yields and shrinking spreads on ‘in-demand’ Housing Associations have created a window where public issuance now appears a more cost-effective solution than private placements. Williamson said: “Capital-sensitive investors are increasingly concerned about a combination of macro-risk associated with Brexit and micro risk associated with sales exposures. Particularly for Associations and aggregators that are insulated from a drop below ‘single A’ if the Sovereign (Rating) is downgraded, there appears to be good demand”.

THFC had its ‘A-Stable’ rating re-affirmed by S&P earlier this week. In their report S&P state: “We anticipate that THFC will maintain very strong capitalization and strong liquidity, even though uncertainty with regard to the Brexit negotiations could cause the creditworthiness of its underlying borrowers to deteriorate”.

On Friday bLEND followed on by tapping its £250m, 28 year benchmark issue for £20m for existing borrower Wales and West. The funding tranche was more than double subscribed, including one new Sovereign Fund investor. Pricing for the Moody’s A2 rated aggregator was a reoffer yield of 2.39% - very similar to that achieved by THFC, albeit the two aggregators have different lending rules and participants.

Wales and West have now borrowed a total of £110m through bLEND in three separate transactions. Stuart Epps, Wales and West’s Executive Director (Resources) said “utilising bLEND has permitted us to take advantage and lock in on a long-term basis some of the lowest interest rates we have ever seen. This in turn helps us deliver more affordable homes throughout Wales”.

If you require any further information, please contact:

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