

**For immediate release**

**29 October 2019**

### THFC Group companies secure loans for borrowers despite volatile October.

At the beginning of the month THFC sold £13.5million of retained bonds issued by THFC (Funding No. 3) due 2043 at a yield of 2.41% - a spread of 148bps over the Gilt. The Funding No 3 bond is one of the biggest bonds in the Social Housing Sector with over £1billion outstanding and the pricing reflects both the perceived liquidity of the bond and THFC's stable credit rating of A which was affirmed by S&P just prior to the trade.

In the same week, Blend Funding plc tapped its £250million benchmark issue, due 2047, for an additional £20million. The yield on that slightly longer deal was 2.39% and again a spread of 143bps over the gilt.

In addition to the benchmark bond, Blend has issued a further two series of notes under its £2billion MTN programme, giving greater choice to borrowers looking to manage the maturity profile of their debt portfolios. Borrowers can now access funding through existing Blend bonds with maturities in 2034, 2047 and 2054 – or can consider a bespoke maturity.

The bonds with maturities in 2034 and 2054 are smaller bonds which have to date been sold to one or two investors – either as a result of reverse enquiry or through an offering. Pricing has reflected the perceived lack of liquidity in these bonds and has been slightly wider than the Blend benchmark bond, but investors are familiar with the THFC model which grows issues over time and it is expected that pricing will tighten as these bonds move towards benchmark size.

Last week, Blend Funding sold £20million of retained 2034 bonds in the 2034 bonds at a yield of 2.488%. Against a backdrop of a volatile Gilt market Blend were able to execute the sale inside the borrower's target yield, achieving a great outcome at 2.488%. The borrower, Hightown Housing Association, were able to take advantage of the falling gilt yields to secure a yield 50 basis points lower than when the bonds were originally issued in March this year.

David Bogle, Hightown's Chief Executive, said "Hightown needs regular access to new funding to support its development programme of around 500 new affordable homes a year. Working with bLEND has enabled us to act quickly to borrow further funds as rates moved closer to our target level. We are very pleased with the outcome."

To round off the month of October THFC sold a small block of £5million of the THFC (Funding No. 3) bonds to fund a loan to Inquilab Housing Association following a reverse enquiry from an investor. Pricing achieved on this deal was at a yield of 2.552%.

Inquilab's Director of Finance and Resources, Eric Nelson-Addy said "we were pleased that THFC are continuing to support and understand the needs of smaller housing associations. This funding allows access to very low long-term interest rates that exceeded our initial expectations enabling us to provide much needed housing to the communities we serve."