

## bLEND creates first ever aggregator deferred bond deal

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In what is believed to be a first for the affordable housing sector, aggregator bLEND today priced £100m of publicly issued retained bonds including two deferral periods, for two distinct HAs, simultaneously.

This marks a watershed moment for housing associations seeking to access deferred funding through the capital markets. They are now able to do so while taking advantage of bLEND's strong A2 credit, experienced team, and its record of delivering competitive rates of funding for borrowers.

bLEND now has 11 borrowers and its A2 rating is derived from a weighted average of the individual borrowers' (mostly private) Moody's ratings.

Serious interest in the deal from alternative investors meant bLEND was able to retain competitive price tension throughout the process. £75m will be deferred for 12 months and was priced at: 2.26% a spread of 148bps over Gilts. The other £25m will be deferred for 6 months and was priced at 2.21%, a spread of 143bps. bLEND's Deputy Treasurer Will Stevenson said "this priced at least 25bp inside current typical private placement levels, demonstrating bLEND's ability to secure competitive rates of funding for its borrowers, even when innovating new products".

Proceeds will go to Cobalt and whg (Walsall Housing Group), both first time borrowers from bLEND. Cobalt manages around 6,000 affordable homes in North Liverpool, and will receive £25m, to be drawn down in 6 months' time. The other £75m will go to whg, which owns and manages around 21,000 homes across the West Midlands, to be drawn down in 12 months' time.

Having already completed the Moody's rating process, Cobalt were able to move at speed to take advantage of the investor interest in deferred drawdown bonds, while whg (A3) was able to access funding through bLEND's A2 structure in under a month from start to coming to market.

Piers Williamson, bLEND's chief executive, said "This is a significant development for the sector. Housing associations have expressed their interest in deferred drawdown, and, as a trusted aggregator we both listened and delivered".

He added: "With no foreseeable easing of political and Covid-related uncertainty, we know that deferred drawdown can provide a buttress for HAs' business plans and mitigate funding risk and carry costs, so the sector can continue with their commitment to build even more badly needed affordable homes. Today's transaction adds a significant competitive alternative to private placements. We believe it's the first time an aggregator has issued public bonds on a deferred drawdown basis, but for the sake of the sector we're confident it won't be the last."

Jon Webster, Director of Resources at Cobalt Housing, said "The bLEND team have been incredibly responsive to our interest in deferred drawdown, and today achieved this at a great rate. This secures deferred long term funding to support our business plan, deliver quality affordable housing for our residents, as well as new homes across our neighbourhoods."

whg's Treasury Manager, Richard Nowell, said of the news: "This funding will help whg realise our ambitious growth strategy to expand the services offered to our customers and build new affordable homes across our communities in the Midlands. The inclusion of deferred drawdown under the bLEND model means whg can take advantage of current market conditions to secure the funding we need in the future, and is a positive development for the affordable housing sector."