

bLEND prices fourth deferred loan at record rate

16th December 2020

bLEND today priced its fourth deferred transaction in two months, for £25m at an all-in rate of 2.17%, its lowest yet for this product type, including a 12-month deferral.

The £25m was priced for Newport City Homes (NCH), and brings the total deferred issuance in bLEND to nearly £150m for four borrowers, all of whom benefitted from cost of funds at 2.26% or tighter for 34-year fixed rate borrowing, thanks to bLEND's innovative product structuring. At a spread of 134 bps over Gilts, today's transaction was completed with demand from a new deferred investor.

Despite significantly heightened volatility in the markets due to short term uncertainty over the outcome of the UK-EU trade talks, there has been sustained demand for bLEND's issuance, reflecting investors' continuing faith in housing associations as an attractive long-term investment, particularly in the age of ESG.

With over 9,600 properties, Newport City Homes is committed to providing quality affordable homes for its residents. The funding raised through bLEND today will support the realisation of Newport City Homes' 'Strategy 2025' to build more than 1,000 new homes over the next five years.

NCH is bLEND's third borrower in Wales, demonstrating the strength of the social housing sector there. As part of bLEND's pipeline for 2021, for which two new borrowers have already completed the Moody's rating process, further bLEND issuance is expected on behalf of Welsh housing associations.

Stephanie Bradley, Director of Finance and Resources at Newport City Homes, said "As part of our Strategy 2025 we're committed to building over 1,000 new affordable homes in the next five years. Through bLEND's deferred product we've been able to secure our future funding needs while locking in a fantastically low rate. This will support us to realise our 2025 ambitions, and continue to provide quality housing for our residents and communities."

bLEND's CEO, Piers Williamson, said "this transaction brings to a close a really busy period for bLEND. Right now, we have issued getting on for £500m under the bLEND programme so far this year and expect to be pushing our first £ Billion of Issuance by our financial year end next March. Our focus through the uncertainty of the US elections, Covid and leaving the EU has been on working with new core investors that are interested in ESG and especially the benefits that housing associations can bring to their local communities in these unprecedented times....and as someone who's mum was born in Newport, there's a particular resonance for me in helping deliver fantastic outcomes there!"

