

bLEND issues first social bond to pass £1bn benchmark

14th May 2021

bLEND has returned to market a week after the launch of its Social Bond Framework with a £35m tap of its 2054 maturity at its lowest ever credit spread.

The spread over Gilts on today's transaction was +108bps, producing an all-in rate of 2.45%, despite choppy market conditions after this week's CPI announcements from the USA.

It brings bLEND's total issuance over the 2.5 years since it was founded to more than £1bn. The original business strategy targeted £1bn over 5 years, and the speed with which this was achieved reflects the diversity of the appeal of the innovative medium-term note (MTN) structure.

The deal also marks the funder's first social bond issuance.

An initial £25m was priced on Friday for Valleys to Coast, a housing association managing over 5,800 homes across Bridgend, South Wales. The remaining £10m is intended to be priced on a deferred basis.

bLEND attributes the tight spread to the strong investor interest after the aggregator – which is run by The Housing Finance Corporation (THFC) – converted all £1Bn of its issuance to date to social bonds, with today's issuance being the first 'new' social paper.

This conversion allowed bLEND to reach a spread 5bps inside the secondary market, representing a negative new issue premium. bLEND's total issuance is now £1,023,000, of which £195m has been issued in 2021 alone.

Valleys to Coast will use the funding to refinance existing debt, help maintain its strong financial profile and continue to provide a high-quality, local service.

Claire Marshall, Corporate Director of Finance, Governance, Strategy and Performance at Valleys to Coast, said "Our purpose is to provide homes and places where people feel safe and happy. Today's funding through bLEND is a core part of helping us to achieve this vision.

"As the conversation turns to how the country emerges from the pandemic, the role of housing associations will be more important than ever, and we are well placed to meet the need for truly affordable housing.

"Securing this low-cost, long-term funding through bLEND will help us to meet our ambitious 10-year corporate plan objectives and to maximise our investment in our homes and communities."

The deal comes at the end of a week which, despite the market volatility, has seen two further successful HA Bond Issues: for Beyond Housing and Paradigm.

bLEND's CEO, Piers Williamson, said "It's fantastic to see bLEND reach £1bn in half of the time originally planned, and it reflects both the design of bLEND's model which gives housing associations flexibility without compromise on price, and the hard work of everyone in the bLEND team.

"We've now converted all bLEND bonds into Social bonds, reinforcing the focus on social impact which sits at the heart of bLEND. It's great to see the positive response from the sector, but too the knock on effect on pricing, which enables us to secure a great rate for associations like Valleys to Coast, who do such important work for their communities."

Note to editors:

About THFC: The Housing Finance Corporation (THFC) is the UK's leading affordable housing aggregator, with £7.5bn of lending to around 160 housing associations in England, Wales and Scotland. THFC was set up in 1987 in partnership with the National Housing Federation and what was the Housing Corporation. It now also operates through its subsidiary company, bLEND, which was established in 2018. As a not-for-profit, the group's surpluses are retained and reinvested to ensure THFC can continue to provide competitively priced funding for HAs long into the future. THFC's track record of innovation includes some of the earliest green finance products for retrofit and sustainable developments.

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