

bLEND secures 40-year money at 2.467% for newly-merged HA

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bLEND today issued its first 40-year bond, raising £75m at an all-in rate of 2.467% for a newly-merged housing association.

The transaction priced at a spread of +128 over Gilts after tightening significantly thanks to healthy investor interest, but also reflecting a new issue premium for the new, longer-dated bond series.

Proceeds of today's issue will go to GreenSquareAccord, which completed its merger in April and now owns and manages around 25,000 homes in the Midlands and South West.

The transaction – the latest new series to be done under bLEND's Social Bond Framework – completed against the backdrop of rising concerns over inflation amid the ongoing recovery from the global pandemic. The ability to lock in long-term funding and low rates through bLEND allows housing associations to mitigate and manage that risk.

Today's issuance gives bLEND a range of maturities from 2034 to 2061. Building this maturity curve is a central plank of the bLEND model and with four different maturities available, provides flexibility and choice to borrowers. The deal also marks the first forty-year loan from THFC, bLEND's not-for-profit parent company, since 1987, when it issued the very first forty-year deal - a deep discount bond at an effective yield of 10.786%.

bLEND's CEO, Piers Williamson, said: "One of the great features about bLEND is the flexibility it affords borrowers without compromise on price. Given the resurgence of inflation as a risk factor, the ability to lock in a 2.467% cost of funds for forty years is a big deal and allows our borrowers to look to the future with confidence as they focus on the huge challenge of becoming net zero carbon by 2050."

With the all-in cost of funds below 2.5%, bLEND has once again demonstrated the consistency which has contributed to its success, despite the relatively small size of the new series and the general preference among investors for the thirty-year maturity over longer paper. bLEND's total issuance recently passed £1bn, marking it out as a significant funder to the social housing sector. In 2021 alone it has lent £270m to five new housing association borrowers.

GreenSquareAccord came about through a merger of equals with a view to forming a housing and care provider with greater capability and capacity to deliver enhanced, locally focused services to customers, while innovating and responding to the challenges of the future.

Stuart Fisher, CFO & Deputy CEO at GreenSquareAccord, said "We are delighted to have secured a long-term funding package through bLEND that will help deliver our growth aspirations and fulfil our merger promises. This funding will help us deliver our commitment to develop 1,000 new affordable homes a year for some of the most vulnerable people in society. GreenSquareAccord will continue to develop and deliver high-quality services that meet the needs of our existing customers and the communities in which we serve."

Mr Williamson added: "We're delighted in particular to be working with GreenSquareAccord. They exemplify the sector's growing record of innovation as well as providing homes that are not just affordable but also sustainable."

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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