

bLEND leads the way with 'strongest ever orderbook' as bond markets reopen

3rd March 2022 – for immediate release

bLEND was the first social housing issuer to return to the markets today, after a temporary shutdown caused by Russia's invasion of Ukraine.

Proceeds of a multi-tranche tap of bLEND's 2047 and 2054 bonds for £107m will go to three housing associations.

With an orderbook five times oversubscribed, the tap was priced at a spread of + 142 bps over Gilts for the 2054s, and +132bps for the 2047s, giving an all-in rate of 2.95% and 2.90% respectively. This represents a tightening of 18bps from Initial Pricing Thoughts (IPTs), which were set wide due to uncertainty around how the market would reopen. A strong and varied orderbook allowed bLEND's execution team to tighten in significantly, achieving New Issue Premia of 14/15bps, comparable to the average in the sector's issuance prior to the eruption of conflict in Eastern Europe. This transaction was also the first long-dated bond issuance in the Sterling markets since January.

£107m will be lent to three associations: Connect (£30m), Trent & Dove (£55m) and Trust (£22m). £32m will be issued on a spot basis, with the rest as deferred drawdown for periods of six, twelve and fifteen months. bLEND's ability to offer deferred drawdown loans with more reliable pricing has been popular, with today's tap bringing the total deferred issuance in bLEND to £325m.

After a temporary closure due to the invasion of Ukraine and consequent economic shocks, bond markets have begun tentatively reopening due to the need for investors to place unallocated cash, and for issuers to execute deals delayed by the events of last week. Gilt yields were highly volatile in the week, declining sharply on Tuesday before coming almost back up to last week's level the day after. Analysts believe that the seismic effects of the crisis in Eastern Europe will cause the Bank of England to slow down its planned series of base rate rises. Other non-social housing issuers who have approached the market have seen very high new issue premia, reflecting investor uncertainty about the speed and magnitude of events.

bLEND's CEO, Piers Williamson, said, "After market events like the one we are witnessing, there is rarely a rush to be the first issuer to return, but thanks to the experience and skill of bLEND's execution team, we have managed to achieve a great rate for our three new borrowers. During the 2008 crash and later on in the volatile Brexit period and throughout the pandemic, THFC has always been able to deliver. Today is a remind of the enduring strength of the social housing sector which makes it so reliably attractive to investors."

"What we can see, though, is that the pandemic era of record-low rates is well and truly over. Supply chain chaos and inflation raised this prospect earlier in the year, and now the turmoil caused by the invasion of Ukraine has proved it beyond doubt. That said, bLEND has demonstrated with this transaction that housing associations will always be able to attract investment. While not comparable to the rates seen during the lockdowns, 3% is fantastic value against a backdrop of persistently high inflation and expectations of base rate hikes by central banks."

Connect was an existing borrower, with a THFC Social Housing Finance loan signed in 1998 that matured in December last year. With 3,400 homes across West Yorkshire, Connect is committed to tackling inequality and providing opportunities through the provision of good homes, as well as a broader range of support services.

Trent & Dove provide affordable homes across East Staffordshire, South Derbyshire, and North West Leicestershire, with over 6,000 properties. The association has an existing loan through THFC's Funding No.3 bond.

Trust is one of the largest providers of housing, support and care services in Scotland, with over 3,600 homes. A new borrower from THFC group, Trust is bLEND's first Scottish borrower, making it a four nations lender just like THFC.

Helen Lennon, CEO at Connect, said "Our bLEND loan marks the next chapter of our long relationship with THFC. The funds from today's loan will support our core purpose; to tackle inequality and create opportunity for tenants through good homes and communities."

Trent & Dove's Director of Resources, Jan Griffiths, said "This funding will support Trent & Dove's primary objective of Transforming Homes, Lives & Communities whilst enabling our emerging vision for further housing development up until 2027 to become reality."

Zoe Purdie, Director of Finance & People at Trust Housing Association, said "For a thirty-year fixed rate this represents huge value, and will give us the certainty and liquidity needed to continue implementing our bold three year strategy, *The Time is Now*. The strategy is all about putting customers and empowered frontline teams at the centre of a growing business that is meeting the changing needs of customers and workforce, while delivering exceptional value. It is about continuing to invest in our existing homes and building new affordable homes. It is also about accelerating investment in technology and our journey to net zero."

