

## EIB II Facility funds further development

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### For Immediate Release

The Government guaranteed aggregator Affordable Housing Finance (AHF) has agreed further sub 2% 30-year amortising loans from its £1bn EIB II facility.

Optivo, one of the largest associations in the UK managing 44,000 homes, will borrow £25mil at a fixed rate of 1.755%, with funds ready for drawdown in October. Optivo has pledged to invest £3.5bn in a variety of new homes over the next ten years.

The second association, Aster, has agreed £35mil (of a £50m loan) at 1.798%. Drawing down in December, they will be putting the money towards achieving their ambitious plan to develop 11,000 homes over the next seven years. Many of these new units will be for homeownership, with the funds raised through sales to be used to increase the associations output of affordable rented homes.

These latest pricings run in accordance with AHF's record of providing cost-effective financing opportunities through the EIB II facility, which to date has locked in long term fixed rates between a competitive low of 1.373% (fixed in August 2016) and a high of 2.089% (fixed February 2017), with the average price for the long dated fixed rate loans sitting at 1.791% and the weighted average, 1.804%.

In total £578.5m has been drawn or the rate fixed under EIB II to date. According to AHF sources, the £1bn facility has now been fully allocated and AHF expect a further 13 borrowers to draw this facility prior to December. EIB II was signed and fully committed to by EIB prior to the UK Referendum on EU membership.

AHF's Chief Executive, Piers Williamson, commented 'The agreed deals are a testimony to EIB's importance and housing associations' thirst for competitive financing. These loans will help to provide the affordable housing sector with a better, more diverse stock.

Optivo's Director of Treasury and Risk, Tom Paul, has said: "We're pleased to have drawn the last of our AHF funding, at a fraction over the benchmark gilt. These funds, together with those already drawn, are supporting our ongoing programme of investing in new social housing. The AHF programme has reduced our cost of capital by 1% and enabled us to do more than we would have otherwise done."

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