

## **Press Release**

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### **First Sub 2% retained bond issue**

The Government guaranteed aggregator Affordable Housing Finance (AHF) has today issued a £10m retained bond for Paradigm Housing Association at an unprecedented effective rate of 1.91% (Gilts plus 0.38%). This despite AHF's recent double-notch rating downgrade from S&P in the wake of the June 23 Referendum outcome and the double downgrade of the UK's sovereign rating by S&P.

Along with the issuance of £60m of retained bonds by Swan Housing late last week (albeit at Gilts plus 1.7%), this is further concrete evidence of UK investors' continued interest in the long term funding of Housing Associations.

AHF's issuance was only 3 basis points (hundredths of a percent) wider than its pre-BREXIT (25 May) £161m tap transaction, but a full 0.7% lower in cost. "The unprecedented low cost reflects the flight to quality seen since the BREXIT vote" said Piers Williamson, AHF Chief executive. He added: "With the expectation of lower Base Rate and/or more QE late this week, we think investors view HAs as a defensive investment".

Matthew Bailes, Chief Executive of Paradigm, added: "At Paradigm we are working hard to deliver as many new affordable homes as we can. This deal is great news because it will help us to build more homes"

Although AHF has made over £100m of sub 2%, long term EIB loans this is the first time a long term public bond has breached the psychological 2% barrier for an HA.

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