

Press Release

11 July 2016

AHF Breaks 2% barrier again

Affordable Housing Finance (AHF), the Government guaranteed aggregator issued a further £124.5m of long term bonds today, narrowly bettering its own record for the lowest primary issuance rate, pricing at a re-offered yield of 1.983% (Gilts plus 0.36%). The transaction included the issuance of a further £24m of retained bonds.

Despite short term volatility in the capital markets, associated with BREXIT and currency concerns, the deal met with broad appeal amongst investors, which included one overseas Central Bank.

“With the fanfare in the markets for the Bank of England’s £10Bn Corporate Bond Purchase Programme (CBPP), it is slightly ironic that overseas Central Banks are buying our bonds before our own Central Bank” said Piers Williamson, AHF Chief Executive. “The Bank of England’s absence hasn’t changed the appeal of our deal, but you would have thought that the efficient funding of badly needed affordable homes fitted their mandate”. To date no Housing Association’s bonds have been included in the programme. AHF’s second bond now has an aggregate principal outstanding of £848.4m, making it one of the larger long term Sterling bonds, for any type of borrower, in issuance. Advisers suggest that inclusion of HA Bonds in the CBPP would have the effect of tightening credit spreads and would add to the efficiency of bond funding as a long term source of capital for HAs.

The funding was for a broad range of Housing Associations, including at one end of the spectrum the 33,000 unit Midland Heart and at the other end, the community based Croydon Churches HA which owns and manages nearly 1,500 homes. AHF does not distinguish between the pricing of different sized HAs (so called risk-based pricing) meaning that very different types of HAs can benefit from accessing the Government Guarantee in return for delivering more affordable housing. To date some 54 borrower groups have accessed the programme which according to Mr Williamson, by its close, may have lent approaching £3Bn.

Contacts:

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HA	Amount	Contact	Job Tittle	E-mail
Midland Heart	£25,000,000	John Drozd	Deputy Finance Director	John.Drozd@midlandheart.org.uk
Leeds Fed	£15,000,000	Ann Marie Matson	Head of Finance and Procurement	annmarie.matson@lfha.co.uk
Festival	£21,000,000	Andy Howarth	Executive Director Finance	ahowarth@fortisliving.com
Worcester	£6,000,000	Andy Howarth	Executive Director Finance	ahowarth@fortisliving.com
Croydon Churches	£13,000,000	Michael Chinn	Director of Finance and Resources	michaelc@ccha.biz

Sentinel	£25,000,000	Duncan Brown	Finance Director	Duncan.Brown@sentinelha.org.uk
Greenfields	£12,500,000	David Hall	Finance & Resources Director	David.Hall@GreenfieldsCH.org.uk
Coastal	£7,000,000	Simon Jones	Finance Director	simon.jones@coastalhousing.com