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25 May 2016

AHF Beats potential referendum market shut-down

AHF took advantage of favourable market conditions ahead of an expected primary market shut-down for issuance ahead of the June 23rd Referendum, to issue a total of £161m of its 28 year second series guaranteed bond on Wednesday . The bonds were issued at an all-in rate of 2.61%, or Gilts plus 0.35%. This is the lowest rate achieved by AHF for primary issuance to date. Its last £194m deal in March 2016 priced at 2.71%

Despite the proximity to the forthcoming referendum, demand for the bonds was extremely strong with the bond order book over 2.5 times subscribed. The issue was a mixture of retained bonds and primary issuance for a total of seven housing associations, including some of the largest in the country (Home Group), down to an award winning Alms House: Pickering and Ferens Homes, providing older peoples' accommodation in Hull.

The issuance takes AHF's second bond over £500m and despite the closure of the Affordable Homes Guarantee Scheme (AHGS) to new applications on March 31 this deal is unlikely to be the last issuance by the THFC- run vehicle.

"The HA market has woken up and smelled the coffee" said Piers Williamson, AHF and THFC Chief Executive. "The fact that we've issued over £700m of AHF long term bonds sub 3% is a large scale cost saving for Housing Associations that will benefit them for the next 28 years. We currently estimate the saving to be around 1.2% per annum over own-name issuance or private placements and in the absence of grant this helps HAs deliver more badly needed affordable homes nationally – for both older and younger customers". This low cost meant that there was a significant queue of applications for the programme which AHF are now working through. In addition to its bond issuance, AHF is also currently allocating funding under the second £500m tranche of its £1Bn EIB financing line (itself the largest deal of its type ever completed by EIB in Europe).

Borrower Contacts

Bond Contacts

Borrower	Amount	Contact	Job Tittle	Phone Number	E-mail
Spectrum Housing Group	£28,000,000	Martin Lucas	Finance Director	01425283626	martin.lucas@spectrumhousing.co.uk
Selwood Housing Society	£10,000,000 (plus £10m new retained)	Diane Hall	Finance Director	01225 715903	d.hall@selwoodhousing.com
Synergy Housing (part of	£50,000,000	John Brace	Finance Director	01380 735305	john.brace@aster.co.uk

Aster Group)					
Pickering and Ferens Homes	£10,000,000	Lish Harris	Director of Finance and property Services	0148223783	Lish.Harris@pfh.org.uk
Devon & Cornwall Homes (DCH)	£16,000,000 (plus £6.5m new retained)	Melvyn Garrett	Finance Director	01392814423	melvyn.garrett@dchgroup.com
Total	114,000,000				

Retained Bond Contacts

Borrower	Amount	Contact	Job Tittle	Phone Number	E-mail
Home Group	30,000,000	Julie Hetherington	Treasury Manager	0191 2907565	julie.hetherington@homegroup.org.uk
Wales and West HA	7,000,000	Stuart Epps	Finance Director	020 7337 9923	Stuart.Epps@wwha.co.uk
Golding Homes	10,000,000	Tim Jackson	Resources Director	07786687304	tim.jackson@goldinghomes.org.uk
Total	47,000,000				

Contacts:

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